



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

HEALTH AND SPORT COMMITTEE

Tuesday 17 January 2012

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HEALTH AND SPORT COMMITTEE

3rd Meeting 2012, Session 4

CONVENER

*Duncan McNeil (Greenock and Inverclyde) (Lab)

DEPUTY CONVENER

*Bob Doris (Glasgow) (SNP)

COMMITTEE MEMBERS

*Jackson Carlaw (West Scotland) (Con)

*Jim Eadie (Edinburgh Southern) (SNP)

*Richard Lyle (Central Scotland) (SNP)

*Fiona McLeod (Strathkelvin and Bearsden) (SNP)

*Gil Paterson (Clydebank and Milngavie) (SNP)

*Dr Richard Simpson (Mid Scotland and Fife) (Lab)

*Drew Smith (Glasgow) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Patrick Browne (Scottish Beer and Pub Association)

Andrew Deans (Scottish Youth Parliament)

Gavin Hewitt (Scotch Whisky Association)

Kate Higgins (Children 1st)

Geoff Huggins (Scottish Government)

George Kyle (Tennent Caledonian Breweries (UK) Limited)

Major Dean Logan (Salvation Army)

Michael Matheson (Minister for Public Health)

Sarah O'Neill (Consumer Focus Scotland)

David Paterson (Asda)

Michael Patten (Diageo)

Bob Price (National Association of Cider Makers)

Emma Reynolds (Tesco)

David Stewart (Highlands and Islands) (Lab)

Paul Waterson (Scottish Licensed Trade Association)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

Committee Room 6

Scottish Parliament

Health and Sport Committee

Tuesday 17 January 2012

[The Convener *opened the meeting at 09:33*]

Decision on Taking Business in Private

The Convener (Duncan McNeil): Good morning and welcome to the third meeting of the Health and Sport Committee in the fourth session of the Scottish Parliament. I remind everyone present to turn off mobile phones and BlackBerrys, as they can interfere with the sound system.

Item 1 is to decide whether to take in private item 8, which is consideration of today's evidence on the Alcohol (Minimum Pricing) (Scotland) Bill, and future oral evidence on the bill heard by the committee. Do members agree?

Members *indicated agreement.*

Subordinate Legislation

Social Care and Social Work Improvement Scotland (Excepted Services) Regulations 2012 [Draft]

Public Services Reform (Social Services Inspections) (Scotland) Amendment Regulations 2012 [Draft]

09:33

The Convener: Item 2 is an evidence session with the Minister for Public Health on two draft affirmative instruments. Members will have received a cover note that sets out the purpose of the instruments and the fact that the Subordinate Legislation Committee had no comments to make on them.

I welcome to the meeting Michael Matheson and Scottish Government officials Alessia Morris, head of sponsorship and social services improvement team; Nicholas Duffy, solicitor with the food, health and community care division; and Geoff Huggins, head of the mental health division. Before we proceed to questions, I invite the minister to make some brief opening remarks.

The Minister for Public Health (Michael Matheson): Convener, thank you for the chance to say a few words about the two sets of regulations.

I turn first to the excepted services regulations. Under the previous scrutiny regime, regulations were made under the Regulation of Care (Scotland) Act 2001 to exclude certain services from the scope of that act. Fresh regulations are required given the repeal and re-enactment of part of that act by the Public Services Reform (Scotland) Act 2010.

The regulations are therefore technical provisions to exclude certain activities from a definition of care services under part 5 of the 2010 act. They do not take forward any new policy. The exceptions are necessary to reflect the legislation that focuses on the protection of people receiving care services. The regulations ensure that activities whose primary purpose is not that of providing a care service under the 2010 act or which are not instrumental to the provision of care as part of a planned programme of care are excluded from the scope of the 2010 act.

The excepted services include services that nursing agencies provide on behalf of the national health service and counselling when not part of a care programme offered by a residential establishment. In essence, the regulations simply

preserve the status quo for what are viewed as care services.

I turn secondly to the social services inspections regulations. In the statement that the Cabinet Secretary for Health, Wellbeing and Cities Strategy made in connection with the care homes debate on 15 September 2011 and in her evidence to the inquiry into the regulation of care for older people on 4 October 2011, Ms Sturgeon announced that a new inspection regime for care homes would be introduced, obliging a minimum frequency of inspection of services on an unannounced basis, and that the minimum frequency would be placed on a statutory footing. The social services inspections regulations will honour that commitment.

The regulations amend the existing Public Services Reform (Social Services Inspections) (Scotland) Regulations 2011 to make it a statutory requirement that all care home services, including care homes for the elderly and both residential and secure care homes for children, be inspected at least once in every 12-month period and that those inspections will be carried out on an unannounced basis. The same regime will also apply to care-at-home services for the elderly and certain personal and at-home care services for children.

The regulations will provide the minimum inspection frequency for such services. Social Care and Social Work Improvement Scotland—the care inspectorate—will continue to be required to inspect in accordance with the inspection plan agreed with ministers under the 2010 act and it will retain the power to inspect more often as a result of ministerial direction, intelligence triggers from local authorities, police and other regulators, notification from providers or complaints. The care inspectorate will also continue to undertake random sampling of care services over the course of the year. Those arrangements will ensure that services can sustain performance in between inspections.

Provided that the Parliament agrees to them, both sets of regulations will come into force by 7 February 2012 at the latest. That will meet the concerns that this committee raised during its inquiry into the regulation of care for older people that it was keen to see the inspection frequency commence before the original intended date of 1 April. As members will be aware, in response to that concern the cabinet secretary agreed to bring forward the regulations on an increased inspection frequency for certain older people's services so that they come into force as early as February. That is what the regulations will do.

I am happy to answer any questions that the committee has.

The Convener: I thank the minister for those opening remarks. Do members have any questions?

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I have two questions.

Minister, you gave two examples in relation to the first Scottish statutory instrument—the excepted services regulations. What exactly is field social work? I understood the two examples that you gave, but field social work is not a term that I have heard. It is presumably a transfer from previous legislation.

Michael Matheson: My understanding is that field social work is largely considered to be general social work provision—in other words, normal social work care provision organised by social workers in carrying out their duties. For example, a social worker who undertakes day-to-day work is carrying out field social work responsibilities.

Dr Simpson: And that is exempt from these regulations.

Michael Matheson: Yes.

Dr Simpson: That is fine.

My second question relates to the agreement that you mentioned between ministers and the new care inspectorate regime. Will that be published?

Michael Matheson: The agreement with regard to?

Dr Simpson: With regard to the programme of care inspection to which you referred. Will that agreement be published?

Michael Matheson: Yes.

Fiona McLeod (Strathkelvin and Bearsden) (SNP): I do not have a question as such, but simply wish to reflect—I hope—the committee's thanks for the speed with which you have introduced the regulations governing annual inspections. They are very much in line with the findings in our inquiry and I am delighted that the commitment made by the cabinet secretary in September will be met in February.

The Convener: The minister will be aware that, in its report on its inquiry into care inspections and such matters, the committee considered it essential for the care inspectorate to have sufficient resources to implement the new inspection regime and deal with the additional workload that it would have. Are you confident that those resources are now in place to meet that requirement?

Michael Matheson: In taking forward the regulations we have obviously had discussions

with the care inspectorate. Given that the regulations come into force on 7 February, the inspectorate will be required to consider how it will manage its inspection plan into the new year and, from those discussions, we are confident that it has the necessary resources to carry out that work.

The Convener: During the inquiry, we heard that £400,000-worth of efficiencies would have to be made in order to reinvest in more staff. Are you confident that those efficiencies are being and will be made to meet those demands?

Michael Matheson: Any public body, including the care inspectorate, needs to ensure that it is making the most effective use of resources and targeting them where they are most needed. One of our discussions with the inspectorate has been about ensuring that it is in a position to meet the statutory obligations that will arise as a result of the regulations, and we are confident that it has the capacity in that respect and that it will continue to make the necessary efficiencies that any public sector organisation should make to ensure that it is using public money as efficiently and effectively as possible.

The Convener: And the inspectorate has informed you that it sees no impediment to meeting those demands and that it is on course in that respect. I see Mr Huggins nodding.

Michael Matheson: The inspectorate has raised no concerns about its ability to meet the challenges arising from the regulations.

The Convener: Mr Huggins, has the care inspectorate confirmed that it is on course to meet the £400,000 efficiencies target?

Geoff Huggins (Scottish Government): Yes. As you will recall—and as the cabinet secretary herself announced—the inspectorate's budget was adjusted and now gradually increases over the next three years. As a result, its budget for the year that we are about to enter and the following two years is broadly equivalent to that for the current year, which had included additional resources for redundancies and further shrinkage that will not now happen. Between the two years in question, the inspectorate is now confident that it can deliver the inspection programme with the resources that it has been given.

The Convener: But the committee heard evidence that, with the shortfall in the number of staff needed to meet this requirement, the inspectorate would need to create efficiency savings of £400,000 to secure additional staff. How is it on course to put in place a sufficient number of staff to meet the increased frequency of inspections?

Geoff Huggins: You might recall that, prior to the cabinet secretary's intervention, it had been decided that the inspectorate would have to make significantly greater efficiencies next year and the following year. In effect, the efficiency target has been reduced, while the inspection target has been increased. On that basis, the inspectorate is able to be confident about delivery.

09:45

The Convener: Another important part of the puzzle was to ensure that the fees that are available to the care commission are in place to fund the regime. Has the fees issue with local government been resolved?

Geoff Huggins: The fees that the care inspectorate charges are to providers of discrete services, such as care homes. It does not charge fees to local government; it charges them to care homes or care-at-home services. There is an existing schedule of fees, which is also subject to regulation.

When the cabinet secretary made the announcement about the regulations on the changed frequency of inspection, she also announced that there would be a review of the charges because of the different ways in which the current fee schedule is constructed, with some services, such as care homes, being charged at full cost recovery while other services such as child minding are not. There are good reasons for different approaches based on the value of the different services, but there is no issue with local government about fees.

The Convener: Is the fees review continuing?

Geoff Huggins: The cabinet secretary announced that we would publish a consultation note by Easter to have an open discussion about how fees should be structured in future.

The Convener: I have one final question on the other significant work that the care inspectorate deals with—children's services. Are we confident that that work will not be compromised as a result of the focus on and additional requirements of the increased frequency of inspections?

Michael Matheson: That should not happen. The care inspectorate will bring forward its report and annual plan on how it intends to take forward that area of work. We are confident that it will be able to balance its resources and ensure that that work continues.

The Convener: That may be something that the committee will wish to discuss with the care inspectorate.

If there are no other questions, we will move to the question on the motion. I ask the minister to

move the motion. [*Interruption.*] We are on agenda item 3. With all my questions, I have moved off my script.

Under agenda item 3, I ask the minister to move motion S4M-01684.

Motion moved,

That the Health and Sport Committee recommends that the Social Care and Social Work Improvement Scotland (Excepted Services) Regulations 2012 [draft] be approved.—[*Michael Matheson.*]

Motion agreed to.

The Convener: Under agenda item 4, I ask the minister to move motion S4M-01686.

Motion moved,

That the Health and Sport Committee recommends that the Public Services Reform (Social Services Inspections) (Scotland) Amendment Regulations 2012 [draft] be approved.—[*Michael Matheson.*]

Motion agreed to.

The Convener: I thank the minister and the officials for their attendance this morning.

09:48

Meeting suspended.

09:51

On resuming—

Alcohol (Minimum Pricing) (Scotland) Bill: Witness Expenses

The Convener: Item 5 is to invite the committee to delegate to me as convener the responsibility for arranging for the Scottish Parliamentary Corporate Body to pay, under rule 12.4.3, any expenses that witnesses may incur. Does the committee agree?

Members *indicated agreement.*

Alcohol (Minimum Pricing) (Scotland) Bill: Stage 1

09:52

The Convener: Item 6 is our third oral evidence session on the bill. I give a warm welcome to Gavin Hewitt, chief executive of the Scotch Whisky Association; Michael Patten, global public affairs director of Diageo; George Kyle, head of sponsorship and public relations at Tennent Caledonian Breweries (UK) Ltd; Bob Price, director general and policy adviser of the National Association of Cider Makers; Patrick Browne, chief executive of the Scottish Beer and Pub Association; Paul Waterson, chief executive of the Scottish Licensed Trade Association; Emma Reynolds, Government affairs director at Tesco; and David Paterson, head of regional affairs at Asda.

I welcome you all to the round-table session. There are a lot of people round the table—it is a big tent. We hope to let as many people comment as possible. If you have an important point, catch my eye and you will get in, but do not feel the need to respond to every question. It would be ideal if we could have more of a discussion, during which slightly different views might be expressed.

Gil Paterson (Clydebank and Milngavie) (SNP): Good morning. I have a straightforward, simple question. Do you agree that alcohol damages health and that action is needed?

Michael Patten (Diageo): Yes, the misuse of alcohol harms health. There is no question about that. The evidence is clear and we support actions to reduce the misuse of alcohol.

Gil Paterson: Are there any other points? Has Michael Patten answered for everyone?

The Convener: Does anyone disagree? No one has indicated that they disagree.

Gil Paterson: Fine. You agree with that statement, but I know that there are some differences of opinion on the effects of minimum pricing. I asked whether action is needed, and I think that you agreed that it is, but I do not want to put words in anyone's mouth. Minimum pricing is the platform that the Government has established, although you may have different opinions on the matter.

Action was taken on substances such as tobacco and, although price was involved, one of the measures in that case was the labelling of the product to say that it damaged health. Instead of putting the price up, should we be thinking along the lines of putting pictures on bottles to show the

damage that alcohol does to people? Is that a reasonable compromise?

Bob Price (National Association of Cider Makers): I will comment on the general direction of the questioning. We have heard that the misuse of alcohol is an issue, but alcohol is misused in degrees. Someone who is a responsible drinker does not move away from that and cross a line into being an irresponsible drinker—it is a graduated process. We have to look at targeted interventions to deal with specific issues. Taking a blanket approach to alcohol will miss what you are trying to achieve. Our evidence as a cider industry is that blanket approaches may have unintended consequences. We, as an alcohol industry, are working together to try to find targeted solutions to deal with the problems that we can identify.

Fiona McLeod: Bob Price and Michael Patten said that alcohol misuse causes ill health. Do they not agree with the evidence from the World Health Organization that one glass of wine per day, per woman, increases the risk of breast cancer?

Bob Price: I do not like to be too semantic about what evidence is. We must treat experience—empiricism—as evidence, as well as lab tests and controlled tests with the population. In talking about the increased risk of various forms of ill health caused by the misuse of alcohol, we must understand what “increased risk” means to the general population, instead of trying to panic them morally by saying, “If you drink alcohol you are putting yourself in a serious situation.” It is all about levels of risk.

Fiona McLeod: Should we just ignore the evidence that one glass of alcohol per day increases the risk of breast cancer?

Bob Price: No, we can take cognisance of it and weigh up the risks involved. The risk factor for the population differs from that for each individual, because each individual has their own risk factor.

Paul Waterson (Scottish Licensed Trade Association): The licensing legislation contains many checks and balances on how we can sell alcohol, to whom we can sell it, how often we can sell it to them and so forth, but there is one loophole—price. We have tried to do something about irresponsible promotions, but it is difficult to be so prescriptive as to stop them completely. That is why we need minimum pricing: it is the most important element missing from those controls.

Given that we know the problems with alcohol, is it right that it is used as a marketing tool—a way of getting people into stores to make money out of other goods? We believe that it is completely wrong that pricing should be used in that way. We have seen prices go down further and further, and that obviously contributes to consumption. I am

worried about the number of people who are seduced into drinking more than they usually would, faster than they usually would. We may never see them in the statistics, but every weekend there are people out there drinking simply because it is cheap and they can indulge themselves more than they usually would. That is a very worrying aspect. We need Government intervention to bring some equilibrium back into price. When alcohol is being given away, we will have problems in society. We have been going on about it for years and I hope that something will be done about it.

Gavin Hewitt (Scotch Whisky Association): Alcohol clearly has its place in a normal and healthy society, but we believe very strongly that misuse does not have a place in that society. We want to address the misuse, not the use, of alcohol. As an industry, we are committed to responsible drinking within the terms of the guidance laid down by the chief medical officers of the four Administrations of the United Kingdom.

Picking up on Mr Paterson's point, it is not a question of putting pictures on bottles but of giving the drinking public guidance on the measure of responsible drinking—that relates to units, pregnancy and other matters. The industry is committed to ensuring that, by the end of this year, 80 per cent of alcohol containers will carry unit measures and the guidance that is recommended by the chief medical officers.

10:00

Bob Doris (Glasgow) (SNP): I want to pursue a line of questioning on minimum pricing that I pursued at last week's evidence session. One of the reasons why I support minimum pricing is that, in Glasgow, a lot of young people—it is quite often but not always young people—go to corner shops or supermarkets to buy very cheap alcohol, perhaps a 2-litre bottle of cider for under £2, and get fuelled up on alcohol in their homes. They drink to dangerous levels and then decide to go out for the evening in the city centre or wherever.

Last week, I asked about the problems that that causes—not necessarily the health problems for those individuals but the problems that it creates in our high streets. We have representatives of the licensed trade with us today. What issues arise when people are turned away from pubs and clubs who are intoxicated before they even visit licensed premises? What disorder ensues? When individuals slip through the net, as they inevitably will, and get through the stewarding process, what dangers does someone who is seriously intoxicated pose to other revellers in a busy pub or nightclub? I would like to hear about not just the extent of the problem for the on-trade but the responsibility that the off-trade believes it has in

regulating prices to ensure that alcohol is not so cheap that that pattern of behaviour continues.

Patrick Browne (Scottish Beer and Pub Association): Anybody who works in the licensed trade would recognise that there is an issue with the pre-loading of alcohol, which causes licensees and their staff problems. The question is whether minimum pricing would resolve that or have the opposite effect, causing people to stay at home rather than wander out and create problems in the high street. That might solve one problem but create a bigger health problem. People recognise that pubs are, at least, a controlled environment where we can regulate what people drink, whereas people who drink at home pour their own measures and consume what they want to consume.

I do not know what impact minimum pricing would have on pre-loading, but pre-loading causes problems. I serve on the Glasgow local licensing forum, and Strathclyde Police tells us that there has been a 30 per cent reduction, quarter on quarter, in the number of violent incidents in Glasgow city centre. However, that is not translated into the coverage that Glasgow city centre gets. Yes, there is a problem with pre-loading, but that issue is being addressed in other ways, for example through policing.

Michael Patten: The evidence clearly shows that young people are less responsive to pricing than we would want and that pre-loading is a cultural issue. We have seen shifts in the culture around alcohol consumption that need to be addressed, but we are not going to succeed in doing that using the pricing mechanism. It is a night out that the young people are after—the event—and getting together for the pre-loading is part of the culture and how people are approaching alcohol. The elasticity evidence that has been adduced thus far shows clearly that, for legal-purchase-age young people with a disposable income—we must make a distinction between those for whom it is legal to purchase and consume alcohol and those for whom it is not—pricing may not get us to where we want to be on that front.

Paul Waterson: Pre-loading is a real problem for operators in town centres, because people are turning up intoxicated. We do not let them in and they are then on the streets, which creates its own problem. We must also consider what happens afterwards, post their night out—post-loading, if you want to call it that. That is a real problem, too.

A change is taking place that is driven by price, which is taking people out of the controlled environment and allowing them to drink at home. It is quite an easy equation to do. There is no doubt that young people are strategic when it comes to planning their drinking on the basis of price. That

creates problems in our city centres, which we are working hard to alleviate, as Patrick Browne has highlighted, but it is extremely difficult for us when people can get the strength of alcohol—

The Convener: How do you respond to Mr Patten's contention that the evidence says that young people are the group that is less likely to respond to minimum pricing?

Paul Waterson: At the weekend, city centres are now populated by young people.

The Convener: We are talking about whether minimum pricing will address—

Paul Waterson: Absolutely. When young people—students and other young people on that level of income—drink, they often look at the number of units that they will get for the amount of money that they have to spend. Now, when they drink at home, they do so purely for drink's sake. They do not get the same entertainment at home; they drink for drink's sake. They come out for an hour or two and then go back to flats and so on. That is a real problem and it is driven by price.

The Convener: But I am trying to get to whether—Mr Patten has a point to make.

Michael Patten: I understand the line of questioning, but I think that we need to look at the behaviour that is taking place. With young people, in particular, it tends not to be everyday drinking but drinking as part of a big night out. The quantity of alcohol that young people will consume is not driven directly by price. If they can access a product at a lower price, they will do so, but that is not the primary motivation.

I do not disagree with what Paul Waterson says about the behaviour of young people and the outcomes that need to be achieved, but the question that I want to respond to is whether minimum pricing is the policy measure that will get us there. If we look at the detail, we find that the Sheffield study has done quite a lot of work on population cohorts and price behaviour; the evidence on young people suggests that they are less price responsive than other parts of the population.

Dr Simpson: I see a lot of members of the committee shaking their heads at that, but it is a fact that, according to the Sheffield study, at a minimum price level of 40p, the reduction in consumption that is expected for the 18 to 24-year-old group is 0.6 per cent, as opposed to an average reduction in consumption across the whole population of 2.3 per cent. Let us not have members of the committee not recognising the evidence that is the only basis for minimum unit pricing—the Sheffield study. It said quite clearly that that was the case.

Bob Doris: Members of the committee can speak for themselves. That was an unhelpful intervention.

Jim Eadie (Edinburgh Southern) (SNP): Dr Simpson said that that study was discredited.

The Convener: Excuse me. I have been elected by the Parliament to convene the committee, and I will do so to the best of my ability. I want us to have a debate that is based on the evidence that we receive, and there will be opportunities for us to do that. It would be helpful if we allow people to present that evidence—I say that to everyone.

David Paterson (Asda): One of the issues is that alcohol misuse in Scotland is quite a complex problem. There are significant cultural issues, but we must bear in mind that, when we talk about price, we are talking about a range of issues. The problem of underage drinking is slightly different from that of binge drinking among 18 to 24-year-olds on Friday and Saturday night, which is different from the problem of over-60s consuming too much wine and the impact that that has on their long-term health.

Price is subjective. One person's cheap bottle of alcohol is much less affordable for someone else. A number of our customers who buy alcohol from our stores will consume it responsibly. There will be many people around the table who will have bought alcohol in bulk and who will still find cans or bottles in their larder, their garage or their cupboards that they will share with friends and family. We know from our customer research that a lot of our customers do that. Do some customers consume too much of that all at once? Yes, they do.

Overall, the question is whether a single measure on price will address all those issues. We have some doubts about that. Regardless of whether minimum pricing comes in, we still think that a number of other targeted measures will be required that deal specifically with those different drinking behaviours.

On Michael Patten's point about young people, it is clear that an element of pre-loading is going on, but it is also clear that young people spend a lot of money in the night-time economy. If it was a simple financial transaction, we would see that they would not spend any of that money in the night-time economy. The fact that customers are finding their disposable income squeezed is shifting behaviour. I take issue with Paul Waterson's point that the shift from the on-trade to the off-trade is entirely driven by price, because I think that a number of wider cultural issues are involved, too. When we ask our customers why they like to buy wine and drink it at home, they will cite a number of factors, including that it is about

sharing with family and friends. In many cases, they see that as a safer drinking environment than going out to the pub. For families with young kids, that is simply not an option, so they socialise at home. The shift is driven by a wide range of social and cultural factors, so it is a complex issue.

Richard Lyle (Central Scotland) (SNP): We have an opportunity from having two of the largest retailers in the country here. I have a couple of questions for them. I worked in the grocery trade for 20 years as a store manager and I know that, in the 1960s, most people did not buy any drink with their groceries. Now, in every trolley that you stand behind, people will have, for example, one or two cases of beer, a bottle of whisky or cider, or whatever. There are claims that large off-trade retailers regularly use alcohol as a loss leader to drive footfall into stores and that the price of other products is used to subsidise low-cost alcohol. If we bring in minimum pricing, will you continue to encourage people to come into your stores by having special offers for alcohol, such as three bottles of wine for X cost, and offering loss-leading alcohol products?

David Paterson: It is clear that if minimum pricing comes in, we will comply with the law, which will state that we cannot sell any alcohol below the minimum price per unit. There is already a ban on quantity discounts, which came into force from October, and there are already rules about where we can and cannot sell alcohol and the time that we can do so. When we get to the point at which the price is set, we will have one of the most restrictive alcohol-retailing regimes in the world, and it will be clear how we deal with that. We will not be able to offer, for example, three bottles for £10 or an additional discount for buying more and we will not be able to sell any alcohol below the set price.

That raises interesting issues for us, one of which we are grappling with just now, which is that we do not always sell all the alcohol that we buy from producers. There is not always a demand or we get breakages in multipacks and so on. What we now have to consider is that, when minimum pricing comes in, we will not be able to reduce the price of that unsold alcohol to below the minimum, so we will be unlikely to sell it. We are therefore considering what we will have to do with a significant increase in our wastage and how we can find a secondary market for that kind of product. There are therefore a number of consequences of minimum pricing, but selling at below the minimum price is not one.

Richard Lyle: So you are saying that you are going to have—

The Convener: Richard, you asked a question of the retailers here, and I think that we have a response from Tesco.

Emma Reynolds (Tesco): I agree with David Paterson's earlier points about this being a broader question and a complex problem that needs a response that is not just focused on price. However, we recognise that there is a body of evidence that links price to consumption, and consumption to harm. There is a legitimate debate, and we have said for some time that we are prepared to play a constructive part in discussions about the minimum price. That remains our position. On Richard Lyle's specific point about implementation, we would of course comply with the law.

Richard Lyle: David, you said that you would have some wastage. Can you expand on that?

David Paterson: Yes, it is straightforward. Everybody who sells alcohol will know that you do not always sell all the products that you buy, because there is not always customer demand for them. Currently, for example, there will be special offers on bin-ends in order to sell excess stock, or we will try to reduce the price of a 12-pack with three damaged cans in order to sell the remaining nine. However, it is crystal clear that, under minimum pricing, we cannot reduce prices below the minimum price per unit. For example, if a 15-pack is being sold at 5 per cent above the minimum price, when we break that down we have little room in which to clear it through. Those are some of the practical implications of minimum pricing. To be honest, our focus as a business is now on how we change our system, processes and training to implement what will be a significant change to our business model.

10:15

Jim Eadie: I have a specific supplementary question. The Alcohol etc (Scotland) Act 2010 came into force in October last year. It was designed to ban irresponsible promotions, yet Alcohol Focus Scotland and others have accused the supermarkets of seeking ways to undermine that legislation. David Paterson and Emma Reynolds said in response to Mr Lyle that their companies would abide by the letter of the law. Do they accept that many people feel that their companies are not abiding by the spirit of the legislation that the Parliament introduced? As the cover of Alcohol Focus Scotland's newsletter shows, when certain promotions were banned, supermarkets almost immediately introduced bottles of wine priced at £3.33.

David Paterson: No. The clear intention of the quantity discount ban was to reduce any incentive for a customer to buy a larger amount of alcohol than they had intended to buy. That was the clear and unequivocal objective of that measure. The Cabinet Secretary for Health, Wellbeing and Cities Strategy made it clear that it was not about price; it

was about saying to people that they should not feel that they have to buy three bottles of wine if they want only one. I do not accept the premise of the question.

We made it clear when the Alcohol etc (Scotland) Bill was introduced that, when there is intervention in a market, particularly a market that is part of a wider UK single market, there will be a number of unintended consequences, which cannot be wished away. Other retailers have been attacked for their use of online retailing. It seems bizarre that companies that are based solely in England can continue to sell alcohol under any deal and at whatever price they want, but companies that are in Scotland and invest here are not able to do that. There has to be a level playing field. Given that we operate in a single market, that is clear. If a price intervention is going to happen, there has to be a level playing field.

Jim Eadie: I am interested in what you have to say, but nothing that you have said challenges the assertion that the supermarkets undermined the spirit of the legislation by, as I said in my question, encouraging online purchasing and slashing their prices. That leaves the wider health community in Scotland, which is rightly focused on the biggest public health challenge that faces the country, with the impression that your companies are putting their profits before the health of the people of Scotland.

David Paterson: It is worth saying that we did not slash our prices and we have not driven customers to online purchasing. We do not have an online alcohol offering, so we have not done that.

Jim Eadie: Perhaps it would have been helpful if you had said that in response to my initial question.

Bob Doris: In my earlier question, I tried to establish the relationship between the on-trade and the off-trade. I received some interesting responses and Jim Eadie's question also teases out that relationship. I was interested in the comments by Mr Browne, who is on the Glasgow local licensing forum, about the success in Glasgow city centre. I acknowledge that success, as a lot of good work is going on there. My understanding is that that success is based on increased supervision and regulation in various zones in the city centre.

Mr Browne's contention—which I do not agree with, although it is a reasonable one—was that an unintended consequence of minimum pricing could be that more people will drink at home rather than travel to the city centre. Do the witnesses really believe that, if we increase the price of off-sales alcohol, people are more likely to buy off-sales alcohol and drink at home? None of the

evidence shows that that would be the case. Could I have your comments on that? I see a contradiction there.

Patrick Browne: What I suggested in response to your earlier question was that, if people are currently pre-loading by drinking at home prior to going out, if they want to save money they might, perversely, stop going to the pub afterwards and just sit at home, as they would then have more money to spend than they would if they went out and they could drink at the same level as they did before. That is the point that I was trying to make.

George Kyle (Tennent Caledonian Breweries (UK) Limited): I think that everyone has acknowledged the complexity of Scotland's relationship with alcohol and agrees that minimum unit pricing is not a panacea or magic bullet that will deal with every instance. The research and modelling that we have undertaken suggest that a minimum unit price of 45p will not close the gap between off-trade and on-trade pricing and therefore will not induce people to switch back to the on-trade, where there is probably more in place in the way of education measures and supervision, and where people go through the rite of passage of learning to drink in a controlled environment.

Bob Doris: I assume that you think that a minimum unit price will close the gap to an extent. The issue is the degree to which it closes the gap.

George Kyle: Yes, I think that our modelling suggested that the figure would go from £3.08 a litre to £2.99 a litre.

Bob Doris: Minimum pricing will close the gap in some areas. For example, some ciders will double in price—I am not targeting cider, Mr Price.

Mr Patten was right to talk about the culture in society. People have a fixed amount of cash to spend on alcohol and they will divvy it up, deciding how much to spend at home and how much to spend in the pubs and clubs in their towns and cities. That pattern will be affected by minimum pricing because, if someone has £50 to divvy up to spend on a night out and it is more expensive to drink at home, they will end up drinking a smaller quantity of alcohol at home. Do the witnesses accept that proposition? I am not saying that minimum pricing is a panacea, but I want to ensure that witnesses are not failing to accept obvious effects of minimum pricing.

Michael Patten: I follow your line of reasoning, but a look at the elasticities that play out in purchasing patterns suggests that young people—again, I am talking about legal-purchase-age young people—are generally purchasing alcohol at above the minimum price threshold and are less responsive to price. They tend to have more money in their pockets, and they design a night

out that involves coming together and celebrating in particular ways.

There are aspects to such behaviour that we absolutely do not agree with and there are consequences that young people do not face up to or even understand. We were all young once, and a sense of immortality is a factor. The point is that young people's construct of a night out is not price led. It is about how the culture is evolving and the tendency for people to pre-load and then hit a night club until 4 am or 5 am.

We need to address the negative aspects of such behaviour, through more effective policies. We contend that minimum pricing will not deliver the outcome that we are looking for in that respect. We say that not because we wish it were otherwise but because we have looked directly at the evidence.

The University of Sheffield has done very good work and has adduced a lot of evidence about who is drinking where, how much they are drinking and what prices they are paying. However, a challenge for us is that, when that evidence is converted into modelling, some of the findings are not directly translated. As a consequence, some of the outcomes that Sheffield predicted are overstated relative to the evidence.

I will give a specific example. On the whole issue of elasticity of demand among consumers, it is rightly pointed out in the evidence that harmful consumers among young people are more price inelastic and that moderate consumers are more responsive to price. However, when that is plugged into the model it is reversed, so a greater outcome is predicted for harmful consumers than is predicted for moderate consumers.

An issue that we want to bring to the discussion is that if we are looking at minimum pricing—and we respect the Scottish Parliament's right to make decisions that it thinks are right for its people—we should, in so far as we can, try to ensure that the evidence base is there to support the contention.

I have seen the Sheffield study. I thought that it was a good study, but I have also seen the response to it from the Centre for Economics and Business Research, which questioned how some of the elasticities flowed through into the outcomes. The subsequent Sheffield study acknowledged that there might be variances in elasticities. Fundamentally, when we play that through, it raises a question mark about whether the outcomes that are predicted in the study will be achieved through minimum pricing and therefore about whether the measure is the effective toolkit that people believe it to be.

The Convener: Members want to ask questions, but I will prioritise our witnesses.

Gavin Hewitt: We are talking about abuse of alcohol. To add to what Dr Simpson and Mr Patten said, in effect, the Sheffield study shows that harmful drinkers—those who drink more than 50 units a week—will remain harmful drinkers even if a minimum price in the range that has been discussed is introduced. The policy will not reduce the number of harmful drinkers, because it will reduce the amount that they drink by only one and a half pints of beer a week. Therefore, we believe that minimum pricing will not tackle the issue.

An interesting statistic is that 30 per cent of drinkers drink 80 per cent of the alcohol that is drunk. To put it the other way round, 70 per cent of drinkers drink responsibly and drink only 20 per cent of the alcohol. The issue that we need to tackle is the 30 per cent of people who drink 80 per cent of the alcohol. We must consider whether minimum pricing will address the drinking among people who drink harmfully or hazardously.

Paul Waterson: It is amazing to hear history being rewritten by people saying that if the price of something comes down, sale volumes do not go up. It is a fairly simple equation. I do not need the Sheffield study to tell me that, if I own a pub, as I have done for years, or a nightclub or whatever and cut prices, I will have problems. It is as simple as that. However, because prices have been cut for so long, that has become the norm. Alcohol should never have been used in that way. It is a dangerous product when abused and it should be thought of in that way.

We must get an equilibrium back into pricing and balance the needs of business with the need for control, which is what licensing is about. If we get out of equilibrium, the Government must intervene. The Government simply has to intervene because otherwise the operators that charge ridiculously low prices will keep on doing it. They will follow the letter of the law. I will not agree with anyone who tells me that the five licensing objectives will be protected if we continue to charge ridiculously low prices.

Licence holders have a responsibility to promote the licensing objectives and cannot keep looking for ways out of them. When people find ways out, the Government should intervene. That is what the Government is doing, which is right and proper. There might be less elasticity than predicted, but we have to start somewhere. We need to try. From the way that this meeting is going, it sounds as though we have no problems with alcohol abuse in Scotland, but we do and, unfortunately, we are making them worse because of pricing. We must use the invisible hand of the Government on the tiller to try to bring back some conformity.

Dr Simpson: I have two questions, which are on slightly different areas. The first goes back to Jim Eadie's comments on discounting. I have

looked at the Sheffield study and accepted that it is an interesting modelling study, although I still do not agree with minimum pricing. However, on discounting, I was under the impression that we all agree that we do not want people to be encouraged to buy higher volumes of alcohol because the price is cheaper. On the basis of legal advice to the Scottish Grocers Federation and from the supermarkets that I have gone into, it seems that, despite the 2010 act, alcohol is in effect still being sold more cheaply at higher volumes.

10:30

As long as a retailer is not selling single cans, they can sell four-can, eight-can, 12-can and 20-can packs, all at different prices. In effect, higher quantities are being sold at a lower per-can rate—which, in my view, is volume discounting. If the industry really wants to do something about that, it should at least support what we were seeking to do in the previous legislation.

I am not saying that what the industry is doing is legally incorrect; we might not have written the legislation correctly and I think that, when the bill in question was passed, we failed to understand fully that it would not end volume discounting. Nevertheless, the spirit of the law, which is what Jim Eadie was talking about, was made quite clear in the debates. We wanted to ban volume discounting, but the supermarkets and small stores are still selling on that basis. I would like to hear your views on that before I ask my second question, which is about how you will respond to minimum unit pricing.

David Paterson: Given that the minimum pricing mechanism will set the minimum price for every part of a package and will apply to every can in, say, a pack of 15, I expect that there will be much less variation in that regard. The size of packs is also likely to change, with smaller bottles being used instead of very large cans, and there might be a number of other changes. However, it is clear that minimum pricing will significantly reduce the ability to have a lower per-can price.

The Government made it very clear that, when it wrote the legislation, it was not seeking to bring in some price-per-millilitre mechanism. For example, a half-bottle of vodka did not need to be half the price of a full bottle. It was made very clear on the record that it was not a full linear pricing system; primarily, the legislation was about the minimum pricing of packages and ending, for example, three-for-£10 deals.

Emma Reynolds: In a competitive market, any action on price has to be Government led and has to happen through legislation—after all, we are in the business of competing to provide the best

possible offer to our customers—and that is why we have said that we will be constructive in Government-led discussions on price. Your observations would lead one to think that minimum pricing is the way to tackle some of the challenges and we have said that we are happy to have constructive discussions about how that might be achieved.

Dr Simpson: Secondly, how will the industry respond to minimum unit pricing and the fact that, at 45p per unit, it will produce an annual windfall of £104 million? Have either the producers or the retailers given any indication about how that windfall money is likely to be used?

Emma Reynolds: We feel that the windfall figures might have been overstated and that the full industry and consumer response has not been taken into account in the Sheffield modelling, studies undertaken by the Institute for Fiscal Studies and so on. If minimum pricing achieves its desired effect, there will be falls in consumption. Other customer responses might include a shift from large supermarkets to smaller retailers and, indeed, others have mentioned the issue of on-line sales and cross-border trade. There are also competitive responses, with, for example, retailers trying to continue to be competitive on the overall basket for shoppers.

As a result of all that, we think that the numbers that we have seen are higher than they will be if and when minimum pricing is introduced. Without knowing what the minimum price will be and how it will be implemented, I think that it is difficult to know what the situation will look like; the reality is that no one yet knows how the customer will respond to minimum pricing and therefore how the market will respond.

David Paterson: I agree with much of what Emma Reynolds has said. Although there is a lot of good stuff in the Sheffield modelling, one of its weakest aspects relates to where the money will go and how much it will amount to, because it takes absolutely no account of the potential extent of cross-border sales, internet sales and increases in the black market, grey market and counterfeit sales or changing market dynamics. We know, for example, that there will be an impact on the range in the shops.

Whether there is a role for own-brand products after minimum pricing depends entirely on the level at which the minimum price per unit is set. However, we know that, as the price of own-brand products gets closer to that of the major brands, our customers trade out of own brands and start buying the major brands. There is some logic to that.

One of our concerns has always been that we do not think that enough cognisance has been

taken of things such as cross-border sales. One need look only at Northern Ireland to see the extent of such activity. We have two border stores there, in Enniskillen and Strabane. Around 2008 or 2009, our Enniskillen store was the top-performing store in our United Kingdom chain and one of the 10 top-performing stores in the global Walmart chain. That was driven significantly by price, and alcohol was a major factor. One of the reasons why, at the end of 2009, the Republic of Ireland's Minister for Finance changed the alcohol excise rates downwards was that it was estimated that 44 per cent of the shopping trips across the border included the purchase of alcohol.

In 2009, I visited our Enniskillen site and saw the bizarre sight of people shopping with two trolleys: one that was full of alcohol and one that was full of clothes, baby products and cosmetics, because those were the products with a significant price difference. The Irish Government found that that was not just a border issue. Around half of the shoppers were right on the border, but 20 per cent of customers who were shopping regularly in Northern Ireland came from Dublin, which is more than a two-hour drive away.

When we model what might happen in Scotland, we consider the fact that the major population centre of Glasgow is significantly less than a two-hour drive away from Carlisle and we have to assume that, if there is a significant price gap, there will be significant cross-border trading.

The total spend on cross-border shopping in Ireland in 2009 was €453 million.

Michael Patten: From my accent, you will understand that I have some interest in what goes on in Ireland. I can corroborate what Dave Paterson has said. In my previous role, I headed up the corporate relations and public policy dimensions of the business activity of Diageo in Ireland. In the period that Dave Paterson is talking about, there was a significant exodus of shoppers for value, with 8 per cent of grocery shopping moving from the Republic of Ireland to Northern Ireland, based on price.

The issues were not just around excise; they involved the relativity of the euro to sterling at that time. Nevertheless, following the adjustments that were made by the Irish Government, two things happened—one was that purchasing repatriated to the republic, and the second was that there was not a related increase in total consumption. In other words, the consumption that was recorded by the state did not suddenly go up. We did not see an automatic responsiveness based on price.

A number of complex patterns are playing out. However, cross-border purchasing is an issue that needs to be taken into account. If people perceive value, they will seek it out, and they do not have to

be misusers of alcohol to do that; they could be moderate consumers.

Richard Lyle: They would go between Tesco and Asda.

The Convener: No heckling of the witnesses.

Patrick Browne: To return to Dr Simpson's question, as well as representing on-sales retailers, we represent producers of beer. As our submission says, we question whether there would be the windfall figure that has been suggested. The number is theoretical. There might be a windfall, but it is questionable whether it would be of the size that is quoted in the Sheffield research.

With regard to what we think will happen, the benefit to on-sale retailers such as pubs will be marginal. The biggest benefit will probably be to retailers, particularly the larger supermarkets. That is alluded to in the regulatory impact assessment that accompanies the bill, which makes clear that those supermarkets are likely to use their dominant position in the market to retain as much of that money as they can.

Gavin Hewitt: This debate has been fascinating, but I would like to bring it back to basics. We have to consider whether the proposal for minimum pricing is a legal measure within the terms of trade law. We believe strongly that it is illegal, because it is a trade restriction in the European Union treaty's terms. It is clear that the Scottish Government takes a different view and believes that the measure is properly legal, although much of that will depend on the price.

It is important to recognise that the issue is very contentious. We have a lot of advice on the matter. We have looked at the European Court of Justice's jurisprudence on minimum pricing and at where it stands on that. The jurisprudence is clear: a minimum price has always been ruled illegal, because other measures that restrict trade less are available to address the issues that such a measure would address.

The committee needs to consider the legality of the proposals, although I recognise that the Presiding Officer has said that the Scottish Parliament is competent to discuss the bill. The Cabinet Secretary for Health, Wellbeing and Cities Strategy recognises that a legal challenge might be made. I propose that, if that happened, we could have a route to try to help to establish whether the measure is legal.

The cabinet secretary has made it clear publicly that she does not intend to notify the European Commission of the measure. We believe strongly that the measure is notifiable under the technical standards directive, which requires notification to ensure that the Commission and member states

can express a view. The Commission would give a view and advice to the Scottish Government and therefore the Parliament about the measure's legality.

The Scottish Government recognises that there is legal doubt—although its position is that it has legal certainty—so it seems odd that it is unwilling to use the route that is available to it through the notification procedure to test the legality and settle the issue once and for all before the Parliament passes legislation that is likely to be challenged.

The Convener: Those points are on the record now, as they were previously. I am sure that we will have the opportunity to discuss them in our evidence session with the cabinet secretary.

Richard Lyle: Can I ask a question on that point?

The Convener: No.

Paul Waterson: I return to the windfall question. Members might or might not know that public houses, nightclubs and so on in Scotland are—uniquely—rated on their turnover. Often, our rates are 8 or 9 per cent of our turnover. Other alcohol sellers are not rated in that way. If there are windfalls, we suggest that all who sell alcohol should be rated in the same way, which would make the system a lot fairer. I agree that windfalls will not be as big as has been thought—some things will eat into the so-called windfalls. However, what I suggest would be a way of redressing the balance.

The Convener: I call the ever-patient Jackson Carlaw.

Jackson Carlaw (West Scotland) (Con): The discussion has been interesting but it has not been of enormous value, because it is working within an artificial construct. There really is no debate about whether minimum pricing will happen—the committee has a Scottish National Party majority and the Parliament has an SNP majority, so it will happen. Mr Patten's arguments about whether the measure is evidence based are irrelevant. What the evidence says does not matter—the majority in the Parliament will impose the measure.

Some of the questioning from SNP members has almost wanted the answers to fit the presumption. I do not see the point of that. Those who take a different view disagree, but it does not matter that they take a different view, because minimum pricing will happen anyway. People shaking their heads furiously because they disagree is pointless.

If minimum pricing is going to happen, what matters is what the witnesses think its consequences will be. Whether or not it likes the evidence, the committee can accept the reality of what will happen. The committee can also seek to

identify in its report what the bill's consequences will be and make recommendations on how they might be tackled.

10:45

I have heard four suggestions. I have heard that there could be an issue of considerable wastage to which the retailers will have to give consideration. I have heard an intriguing argument that the on-sales market might suffer because the younger people, or whoever, who currently go into town pre-loaded may choose to cut out the in-town experience and use the money that they currently have to make go further to increase the home drinking experience. I have heard that there is not a level playing field and that there will be an issue with online trading, and I have heard that there may be a cross-border issue such as there is evidence of in Ireland.

To my mind, those are all potential consequences of the bill and we may or may not be able to argue how they might be tackled although, in some senses, we have a responsibility to try to do that. Leaving aside the legal argument, as it is a separate issue, I would be interested to know whether you foresee any other consequences of the bill's enactment—because it will be enacted.

Michael Patten: Unfortunately, the biggest consequence that we may need to confront is that the expected outcomes of the policy may not be delivered. In other words, we will have undertaken a lot of work to introduce a piece of legislation with good intentions but we will not have achieved the expected outcomes. That is the message that we want to try to get into the room.

There is little evidence to support minimum pricing. The Sheffield study is the best that is available in this arena. However, I repeat my earlier point that, moving from the evidence to the modelling, there is a disconnect in what the researchers have done; therefore, the outcomes seem to be lower. Notwithstanding that—recognising the reality of majority and all that—our one request, outside the questions about legality from Gavin Hewitt, which I fully support, is that the legislation, if it is enacted, be reviewed within a defined period to identify dispassionately and independently whether it is delivering the objectives that it was intended to deliver. If it is not, the legislation should be removed from the statute book. We are dealing with uncertainties, so we suggest that, if the bill is enacted, we should introduce as a backstop some form of sunset clause or review clause—notwithstanding the clear risk that the bill may not be approved or may not be deemed legal by Europe.

Gavin Hewitt: I take up Paul Waterson's point about price affecting consumption. Twenty-six per cent of the Scotch whisky that is drunk in Scotland is own-label or value product that sells largely below the likely minimum price. I am not suggesting that that Scotch whisky is not related to harm—let us leave that to one side. However, to pick up a point that David Paterson made, if the price of that Scotch whisky were raised, that 26 per cent would be vulnerable. We do not know how the supermarkets will work in terms of the offer of own-label and branded product and we do not know how the consumer will respond to price, but we know that, if price is related to consumption, the consumption of Scotch whisky in Scotland will go down.

There is a much more dangerous issue for the Scotch whisky industry. We are the most successful export industry and we are extremely important to Scotland's economy both in what we deliver for the communities in which we work and in our export performance. On very good grounds, we calculate that Scotland's setting a precedent for minimum pricing that is based on and justified on health grounds will be misused by other jurisdictions and Administrations around the world to protect their local markets against Scotch whisky imports. For 20 years, we have worked to break down barriers to trade and our current success is built largely on having broken down those barriers.

I will give three examples of how a Scottish precedent for minimum pricing based on health grounds would be used by other Administrations. First, in Korea, the local product is largely less than 30 per cent alcohol by volume. Ninety-seven per cent of the spirits that are drunk in Korea is a local product called soju, which is anything between 18 and 25 per cent ABV, whereas Scotch whisky is a minimum of 40 per cent ABV. There is a law—admittedly introduced by a back bencher—on the table in the Korean Parliament that would put a health tax on any spirit drink above 30 per cent ABV. That is based on health and on the fact that it will effectively target only one product: Scotch whisky, which has 3 per cent of the market.

France has just introduced an increase in tax of 15 per cent on spirits, but only 1.5 per cent on beer and wine—I wonder why? Effectively, France is trying to look after its own alcohol industry of wine and beer, which is largely produced in France, whereas Scotch whisky takes more than 45 per cent of the French market in spirits.

My last example is Thailand, which argues that alcohol should be removed from any EU-Thailand free trade agreement on the basis that it is linked to health, and that that should be the criterion for deciding whether to put products in a free trade agreement.

I can give you a guarantee that, if Scotland goes ahead with a health-based justification for a minimum price, jurisdictions around the world will use that precedent discriminately against Scotch whisky. We calculate that we would lose 14.5 per cent of our exports—£500 million-worth—over a number of years.

Jim Eadie: Can you tell us where the 14.5 per cent figure comes from?

Gavin Hewitt: It is calculated on exactly the same basis as the Scottish Government's figure: the Wagenaar elasticity of price and demand.

Jim Eadie: Would that be an econometric calculation, similar to the Sheffield model?

Gavin Hewitt: It is an econometric modelling based on the same figures that the Scottish Government is using.

The Convener: Do any other witnesses want to respond to Jackson Carlaw's question about the consequences?

David Paterson: Yes. Mr Carlaw's question was about whether there are other factors that we need to take into account. Issues such as cross-border and internet sales have been raised.

One interesting question—and it is really difficult to tell—is to what extent higher prices feed a grey and black market, and to what extent cheaper alcohol from England gets mixed in with counterfeit supplies. We have read a lot recently about an increase in that, and Her Majesty's Revenue and Customs reckons that sales of illegal alcohol amounted to approximately £1.2 billion in the UK last year.

We held a session with our partner Addaction, the alcohol charity, and some of its users in Barnsley two weeks ago. Some of the hazardous drinkers there told us about the growing phenomenon of booze houses, which are houses on estates that are identified as places where people can go to buy black-market cigarettes and alcohol.

We are beginning to take into account and are modelling whether higher prices lead to an increase in theft from our stores. Whatever the debate about price, alcohol remains one of the highest-priced items in the grocery shop. It is one of the highest shrink items—as we would say—so it is a big target in terms of loss prevention.

Those are some of the issues that we are keen to speak about to the Scottish Government and the police. We need to ask how retailers and local authorities, licensing boards and the police can work together to monitor that activity and share intelligence. If there is a big white-van-man trade, that product has to be distributed somehow, which is likely to be house to house and door to door.

Emma Reynolds: There is a question around the impact on the range of products that is sold. It is difficult to know at this stage how the market and customers will respond, but our sales figures show a big growth—almost 50 per cent—in the past year in lower-alcohol and no-alcohol beer. We have seen that accelerate following the change in duty for beers of less than 2.8 per cent ABV, so we are introducing a new range of lower-alcohol beers next week. You might expect to see some more innovation in the market in such products.

The Convener: It has been suggested in previous sessions that the shopping basket might reduce in price, given that alcohol would no longer be the loss leader. Is that likely to happen?

David Paterson: We do not accept that premise. The UK groceries market is one of the most competitive in the world. Alcohol inflation this year has been running significantly above the level of the wider grocery basket. Inflation is sitting at around 4 per cent, but there has been a 12 per cent inflation in the price of beer, so we simply do not accept the idea of a cross-subsidy.

To pick up on Emma Reynolds's point, significant market dynamics are involved. It has been put to us that the logic of minimum pricing is that we set a minimum and then everything shifts up in the price hierarchy. People will be familiar with the price hierarchy whereby products are tiered—there is an opening price point, which will often be an own brand, then a tertiary brand, and then a premium and a super-premium brand. It has been argued to us that all the prices would simply go up, but we find that hard to believe, because customers would not react well to what they would see as an additional artificial inflation of price above the minimum price. There is an interesting dynamic between retailers and manufacturers. In the case of spirits, own-brand products represent 20 to 25 per cent of our sales. Will we be able to convince customers to buy own-brand whisky or vodka if the price difference between it and one of the major brands is only, say, £1 a bottle? That could be challenging. Because of the lack of price promotion, it is self-evidently hard to bring new products to market. We therefore conclude that minimum pricing will significantly increase the power of the major brands in the market.

Jackson Carlaw: All these things are very interesting. I presume that the legislation will take effect and that we will therefore have consequences that have not been articulated. Does anybody else want to comment?

Dr Simpson: Can I add a question about home brew?

The Convener: Later on, but I am trying to get through my wee list. I am sure that you will have plenty of questions then.

Fiona McLeod: Given the information that we have been receiving, I would like to explore two areas. Committee members will not be surprised to hear that one of those is the evaluation of, as opposed to our views on, the evidence that we have before us. The Sheffield study has been mentioned a couple of times. Last week, we heard from Professor Stockwell, who has carried out the first empirical research and whose findings completely back up the modelling done by the University of Sheffield team. For instance, some witnesses have asserted that young people are not affected by price, but the Sheffield model highlights the fact that young people are the most responsive to price as regards how they spend their money and how much alcohol they purchase. That was backed up by Professor Ludbrook last week. Several of the witnesses we heard from last week supported the evidence from the Sheffield and Stockwell research, as well as from the related meta-analysis of literature reviews.

We also heard last week about the limitations in the methodology of the studies by the CEBR and the IFS—organisations that have been mentioned today. This week we have all received from Professor Christine Godfrey a paper that she presented to the Westminster Health Committee, saying exactly that and explaining the difficulties with the methodology.

We all accept that we have a public health crisis caused by alcohol misuse in Scotland. The SNP Government accepts that minimum pricing is not a panacea. Minimum pricing was part of the package in last year's legislation—the 2010 act—but we were not able to achieve it. Dr Simpson mentioned that the restriction on volume discounting was being avoided—that restriction is in the 2010 act. It seems logical that minimum unit pricing would prevent volume discounting. We have done the work on education and on labelling and we have gone part-way towards controlling price in the 2010 act. If Scotland is to address this public health crisis, what is the alternative to minimum pricing?

11:00

Michael Patten: As I introduced the subject of the Sheffield model, perhaps I should answer that question. There is no question but that the evidence adduced by the Sheffield group from its research is excellent. The contention is about how they run the model forward. First there are data inputs that suggest certain behaviours and responsiveness, then the model is built to try to understand what the outcome on harms would be if we put in a set price. For that component,

Sheffield worked with own-price elasticities, which are typically higher than aggregate elasticities.

I will explain what I am talking about, because I do not want you to go around in circles on this. If a harmful consumer of alcohol—somebody who is used to drinking a large amount of alcohol—is faced by an increase in the price of the beer that they usually drink, their behaviour is to substitute: first they move to another beer; if they cannot get another beer, they move to another category and so on. A model should look at not just own-price elasticity, but aggregate elasticity. International evidence on that, including that from Wagenaar, Gallet and others, suggests that harmful consumers are more inelastic than the number that was plugged into the Sheffield model. The corollary of that is that moderate consumers are more elastic; in other words, there will be a higher response from moderate than from harmful consumers.

I, too, have looked at the evidence and I have raised this question with other economists and asked them to do a review. They have come back and said that there does seem to be a disconnect between the findings in relation to the aggregate elasticities of harmful and hazardous consumers versus moderate consumers, and what was plugged into the model. The question is, if the elasticities are wrong, will the anticipated outcomes be as stated? That is where the uncertainty lies. There is no dispute that there will be some effect, but it will not be as great as has been suggested.

Fiona McLeod: Have you looked at Stockwell's report, which shows that when his empirical evidence is plugged into the Sheffield model, it gets the same results as his empirical evidence?

Michael Patten: I have looked at some of the Stockwell work, not least the British Columbia work. Again, in that particular situation, what you saw was indicative of average elasticities; what you tended not to see was the differences in elasticities between harmful and otherwise.

Fiona McLeod: We heard otherwise from Professor Stockwell last week.

Michael Patten: I can only share with you what I see and the uncertainty that I believe is inherent in that work. As I said, I am not here to suggest that all the Sheffield work is wrong, because I thought that the level of detail that they went into and the evidence gathering was excellent. However, I think that there is a difference of opinion about the elasticity numbers that were plugged in to model the harm outcomes on the other side. There is a question mark about that.

Your second question was about what alternatives are out there. There is no question but that we are dealing with a very complex issue. The

relationship between alcohol and misuse is not an easy one. You see different behaviours and differences between cultural behaviours around what we call chronic harm, which is a big Friday night, versus people who are dependent on alcohol. Each of those requires different outcomes.

There is a meta-analysis that shows that, for alcohol problems, targeted interventions give a better outcome than universal or total population interventions—minimum pricing is a total population intervention—and there is strong evidence for screening and brief intervention. Bringing the consequences of alcohol misuse to the attention of the individual has a better effect in evoking a positive response than intervening at the total population level.

There needs to be a much bigger debate, though, and a much more robust cultural debate around alcohol. We cannot continue with the reality of people finding it easy to choose to ignore the evidence on the consequences of the misuse of alcohol. People say that education does not work and that we should not go for that, but we must be in the schools talking about the role of alcohol, its consequences and what responsible drinking looks like. We must let consumers understand—I believe that Tim Stockwell researched this in relation to unit or standard labelling—what moderate consumption looks like and what immoderate and hazardous and harmful consumption looks like. We must let them understand through packaging and otherwise the amount that they are consuming on any given occasion. We need to move the debate forward. We need to recognise that the total population methodologies might not deliver the outcomes that we want and start looking more seriously at the targeted interventions that could be made.

Fiona McLeod: We are doing all that.

Michael Patten: Screening and brief intervention—SBI—is a methodology that could be accelerated and used more. The research demonstrates that it has a significant effect. One of the realities of alcohol misuse is that people who drink hazardously or harmfully come to the attention of the authorities, be it by way of the medical system or the justice system. I put SBI on the table as a methodology that we should look at harder.

Fiona McLeod: We do it in Scotland.

The Convener: Fiona, I am trying to get you a response to your question from some of the other witnesses.

David Paterson: I preface my comments by saying that such work must happen even if minimum unit pricing comes in. We need to get behind the cultural issues and understand more

fully why, when the price is the same in Scotland and England but disposable incomes are significantly lower in Scotland, consumption here is higher. To pick up on Michael Patten's point, we then need to understand the motivations for different types of drinking behaviour. For example, we are doing some work with the Department of Health to understand whether calorie information helps to motivate certain groups of drinkers to reduce their consumption. That health element might be useful for some of them. We are also looking at how peer-level interventions can be made to change the general sense of what is socially acceptable—the social norms.

We need to do more to share information on the target groups between Government, industry, retailers and the off-trade, so that we understand what the journey looks like. We all have a role to play in diversionary activities and interventions. That is certainly something that we are doing with the funding of youth buses and so on.

Unit information is another important aspect. Do customers understand enough about what they are drinking? From this month, we are trialling point-of-sale information in our shops that tries to give people a simpler view of the units in each of the drinks that they purchase. There is a lot of work that we can continue to do, so I would not accept that there is no more education to be done or that it cannot help us.

Fiona McLeod: I did not say that.

David Paterson: I am not suggesting that you did. I am just saying that we could do a lot more on that front by working together.

George Kyle: To touch on the point that David Paterson and Michael Patten made, minimum unit pricing is not the end of the journey, which will continue. The additional measures will be required whether or not minimum unit pricing is introduced. Every member of the industry in the room, going back to the start of the meeting, has made it clear that we are absolutely committed to tackling alcohol abuse in Scotland. We recognise the complexity of the issues that it presents.

One of the key areas that should be acknowledged is the role that the industry in Scotland has played in recent years in working with Governments of whatever shape or colour to bring partnerships and the knowledge and experience of the industry to develop solutions. I am thinking of the targeted interventions, enforcement with the relevant authorities, education and partnerships with industry. That work is a key tenet of whatever solution we apply.

Gavin Hewitt: It is price that lies behind the Scottish Government's bill and the concerns that I hear expressed around the table. Most of us are concerned about alcohol abuse. As I said, we

believe minimum pricing to be illegal, but there is a legal means of addressing price. I know that it is controversial, but we have long advocated tax approximation of alcohol such that it is taxed according to the units of alcohol in each drink. In effect, the same tax would be applied to beer, cider, wine and spirits. Use of that route, fascinatingly, would make the legislation legal. Under ECJ jurisprudence, the court in Luxembourg has regularly declared that tax is the way in which to address concerns about pricing.

I know that the Scottish Government does not have the power to introduce duty. That is one reason why it has gone down the minimum unit pricing route, if I understood the health secretary correctly.

Alcohol abuse is not just a Scottish problem, albeit that it is worse here than it is in England and elsewhere in the UK. It seems that if there is concern about price, the establishment of a tax approximation, together with a requirement that alcohol could not be sold below the duty plus the VAT attaching to that duty, which would be the same for all alcoholic drinks, would be one way of addressing that. Clearly, the Scottish Government would have to talk to the UK Government and action would have to be taken on a UK basis.

Paul Waterson: Just to move away from that issue—

Jim Eadie: May I come in specifically on that point?

The Convener: Do you want to comment, Mr Waterson?

Paul Waterson: Carry on, Mr Eadie.

The Convener: Allow me to chair the meeting, Mr Waterson. You carry on.

Paul Waterson: Sorry. Okay.

The industry does a lot of good work. No one is suggesting for a minute that we should stop any of the education that we do, the unit information that we provide and all the other things that are done but, as I said at the beginning, the missing link is the price of alcohol. That has been shown time and again and, frankly, I am fed up being embarrassed trying to stick up for the trade and all the good work that is being done when the arguments always come back to the fact that alcohol is being sold like any other product at below-cost prices and is being used as a marketing tool. The missing link is the price, which is why an intervention on price is so important to bringing all the work together and doing something about the problems that we have with alcohol abuse in Scotland. We should remember that the Government has recognised the issue and that it will get involved if retailers continually refuse to

take seriously their responsibilities under the Licensing (Scotland) Act 2005.

The Convener: Mr Hewitt offered a solution—we can use excise duty to put the price up across the board.

Paul Waterson: You cannot in Scotland. The trouble is that, every time a duty increase is imposed, some of the big operators do not apply it—someone else pays it, and it is usually smaller operators who pay it. The differential between the smaller operators and the large ones becomes even greater because the large ones do not put the duty on. We have all seen the adverts for duty-busting prices in such-and-such a place. It is not compulsory to put the duty on; someone else will pay it for the big producers.

The Convener: Excise duty is to go up. The UK Government has decided that the level of excise is to go up, so minimum pricing would be an additional measure.

Gavin Hewitt: That is why I suggested tax approximation with a floor price, whereby any increase would have to be passed on to the consumer. That would mean that the retailer could not just absorb the rise. The two things have to go together.

Drew Smith (Glasgow) (Lab): I have a question for the producers. I am looking for an explanation of what the market is for superstrength products, by which I mean superstrength lagers and, to some extent, ciders with high levels of alcohol by volume. It seems to me that those products are most likely to be bought by people who wish to get drunk as cheaply as possible or who are topping up the already high level of alcohol that they have in their system.

Is it not the case that those groups of people would simply spend more of their income on alcohol, regardless of any price change at the kind of level that the Government is talking about—45p or slightly above for a unit of alcohol? Would it not be better for producers of those products, some of which support minimum unit pricing, to think about their responsibility for the basket of products that they offer the market, rather than to pursue minimum pricing, which will affect people across the board?

Bob Price: As I said in our written submission, strong white ciders make up only 0.5 per cent of the whole alcohol market, not the 2 per cent that the impact assessment report mentioned, and 5 per cent of the cider market. In addition, strong white ciders have a declining share of that market. Their share of the market is dwindling and dying; it is a category that is fizzling out.

11:15

The Convener: Are there any other responses from the witnesses?

Drew Smith: I am interested in particular in the point on superstrength lagers. From what we see in our communities, I do not think that committee members would take the view that the problem of superstrength alcohol is fizzling away.

David Paterson: I can say something about superstrength beers. The UK Government changed the duty regime on high-strength beers, which led to an increase in price. From October 2011, we saw the price of a four-pack of Tennent's Super rise from £5.62 to £6.58—a rise of about a pound—and a similar increase for Carlsberg Export. I have not seen the sales data for the impact of that rise, but I would be happy to look into it for the committee. It is an example of where duty rises have been passed on to customers in their entirety.

Drew Smith: It would be useful to the committee to have that information.

David Paterson: I am happy to check, but my sense is that it would be an extremely small proportion of the volume of sales. The vast bulk of beer sales that we have are among the major brands that we all know, such as Budweiser, Tennent's and Stella. The high-strength beers are fairly marginal, but I would be happy to look into them.

Drew Smith: They are also the most harmful. Thank you.

Richard Lyle: I have one comment and will ask Mr Hewitt and Mr Paterson a question each.

Jackson Carlaw spoke about the health benefits of minimum pricing. We have seen the health benefits of the ban on smoking in public premises. As I said last week, I am a smoker and I notice that people are buying cigarettes less. We are tackling that problem and we are getting a much improved situation. It is an example of what has happened under what the SNP Government did in the previous session of Parliament.

Mr Paterson, we all know that people go between Tesco and Asda and between Asda, Tesco and Morrisons. You guys vie for market share all the time and you have people working out how you can increase or decrease prices and improve profits. People used to go from France to England on shopping trips; they now go from England to France. Are you seriously telling me that I will jump into my car in Glasgow and drive down to Carlisle to save £1 on a bottle of beer or whisky when it will cost me X to get there? Someone in Dumfries or Gretna may go to Carlisle, but I do not see anyone in Glasgow doing so.

Mr Paterson, you also alluded to an interesting point when you mentioned reducing can or pack size. Are the major stores looking at any ways to circumvent the legislation by encouraging manufacturers to reduce their can sizes or packages?

I also have a question for Mr Hewitt. The UK Government has taxed the whisky industry for years. You have bleated about it all the time—and rightly so—but you still have an excellent industry. Are you honestly telling me that a 60p rise in the price of a bottle of whisky will kill it?

David Paterson: To answer your question on the cross-border issue, yes, that is what I am saying. That is our experience in Northern Ireland. As I said, our customers from the Republic of Ireland were not just the people who lived five minutes over the border; 20 per cent of the shoppers came from the Dublin area. That is more than two hours' drive away—and it is not the best road, as you will know if you have ever gone there.

I am not suggesting that that happened just because of alcohol pricing. There were a range of factors, including the euro and, frankly, a lack of competitiveness in the Republic of Ireland. Nevertheless, alcohol was a significant proportion of purchases. It is also clear that people were not going to the Enniskillen store just to buy a bottle of wine; they were filling their trolleys. If that had not been the case, the Republic of Ireland would not have had to initiate a quarterly study of households' cross-border shopping behaviour and at least 16 per cent of households in the Republic would not have made at least one shopping trip to Northern Ireland in 2009. That was a significant increase on the previous year.

As a result, I think that what you suggest will happen. Some customers will make it part of a day out, while single operators will simply go and fill up their white transit vans. As for whether there will be a price differential, let us say that the current regime in England stays in place and you can continue to buy three bottles of wine for £10. Under a 45p or 50p minimum unit price, the cheapest that you could buy those three bottles for in Scotland would be £15 or £16. If you assume a £2 margin on every bottle and multiply that by the number of bottles you can get into a white van, you will begin to see how the economics of that white van trade work. We are not suggesting that people do this—frankly, we do not want them to do it—but we are simply saying that it is reasonable to expect it to happen.

I am sorry—what was your other point?

Richard Lyle: You said that you might speak to manufacturers about reducing pack sizes.

David Paterson: The point about pack size is not about trying to get around minimum pricing

and I am sorry if I misled you in that respect. If a pack contains large cans, the number of units in each can increases the price per unit; indeed, the retail price of a 15-pack or 24-pack becomes very high, with a slab costing £25. I suspect that retailers—and, indeed, customers—will be wondering whether customers will want to spend £25 a time on an item or whether they might consider the price of 12 284ml or 285ml bottles more reasonable. Of course, those bottles will still be sold above the minimum price, so that is not the issue here. Instead, the question is whether it is realistic to expect customers to spend £25 on a slab when, under minimum pricing, they can spend £15 on a 12-pack of 284ml bottles. In a sense, it is probably good news, because it makes it likely that the pack size will be reduced.

George Kyle: Going back to Drew Smith's point about superstrength lager, I should clarify that Tennent's supports the principle of minimum unit pricing. The Tennent's Super product is licensed to our former owners Anheuser-Busch InBev and we have no role in its manufacturing, marketing, pricing or distribution. Nevertheless, although I have no knowledge of its role or performance in the market, we can tap into market statistics and get that information to the committee if it so desires.

Drew Smith: Does that mean that you share some of my concerns about this issue? I completely accept that we are talking about a small proportion of the market, but minimum pricing is a broad-brush solution that will affect the whole market largely to address a problem involving what is very much a minority of products. The crucial point is that we will all end up paying for a problem caused by those products.

Michael Patten: Mr Lyle asked Gavin Hewitt about the impact on the whisky industry. One of the core issues is whether it is okay to introduce legislation on public health without the strength of evidence to support the proposed measure, what sort of example Scotland gives in that regard and the potential for that to be repeated elsewhere. The Scotch whisky industry is a jewel in the crown; its craft, its ruralness, its prestige, its premium and its exports are unsurpassed anywhere in the world. Food, drink and beverages represent the EU's number 1 export; within the EU, the spirits category is, because of its value, the number 1 exporting category; and within that category, Scotch is number 1. As a result, Scotch is number 1 of the number 1 of the number 1. It is a very valuable product that is exported all over the world, contributes to the balance of payments and so forth. We should remember, however, that Scotch is primarily exported and that its consumption in the UK is very low.

Why is that relevant? The view has been expressed that alcohol misuse issues around the world can be handled by changing international trade regulation to prohibit international trade in alcohol products. However, there is no evidence to support that proposal. If that measure was passed, it would have catastrophic implications for the Scotch whisky industry—it is as simple as that. If we pass legislation without evidence, we will make that okay in Scotland, but the question that we are trying to raise is: what is to say that that will not rebound down the road because legislation is introduced elsewhere, without an evidence base, that impacts directly on premium and high-quality products such as Scotch? We must be careful about the precedents that we set. We believe that there is a risk to the whisky industry in the proposed approach.

The Convener: We must start winding up the panel, although I have some more bids for questions. I see that Richard Simpson has his hand up, but Mr Hewitt wants to comment.

Gavin Hewitt: I want to add to Mr Kyle's point and to what Michael Patten said, which I endorse entirely. In Scotland, 72 per cent of Scotch whisky is sold below a minimum unit price of 50p, which would be £14 for a 70cl bottle. At present, the standard cost is about £10.80. At a minimum unit price of 45p, the minimum cost for a bottle would be £12.60. We know that 72 per cent of whisky is sold below the 50p mark and that price increase leads to a reduction in consumption. Using own-price elasticity, for every 10 per cent increase in price, there is an 8 per cent reduction in consumption. Those are the figures.

I cannot say how the measure will work in Scotland because, as David Paterson said, we do not know how the retailers will work or how the consumer will react.

Richard Lyle: I have a quick question—

The Convener: Can I ask a question, Richard? I am going to ask one, anyway, because I have been patient and you have been in twice. I have a list of members who want to ask questions. I have Bob Doris next, who will be followed by Richard Simpson. I am prepared to take bids and I will be here for as long as members want me to be, if they have pressing questions.

Richard Lyle: My question is on price, convener.

The Convener: I am going to ask a question, Richard.

I want to ask about two or three issues in the evidence that we received last week from Dr Rice and Professor Stockwell. One issue, which has been mentioned and which I seek a response on before we finish, was about the importance of data

sharing by those who produce and sell alcohol. A direct comparison was made with the Canadian model, where a lot of that is controlled by the state. It would be important to have on-going information, particularly if we have a sunset clause in the bill, so there would need to be greater participation and data sharing.

A second issue was the suggestion by Professor Stockwell last week that

"A minimum unit price of 75p or 80p would be a good starting point".—[*Official Report, Health and Sport Committee*, 10 January 2012; c 790.]

I also seek a response on something that Dr Rice said. We have talked about whether, and at what point, the policy will be effective and we have heard about mechanisms that apply in other countries that have similar models. Dr Rice said:

"The mechanism is more important than the absolute price. Professor Stockwell, from whom you will hear later today, made the important point that we cannot just set a minimum price and go away. He suggested that the minimum price should be adjusted twice a year."—[*Official Report, Health and Sport Committee*, 10 January; c 766.]

I seek responses on Professor Stockwell's suggested minimum price, the importance of a mechanism and the importance of the industry—if I can lump you all together in that way—sharing information with us to make Scotland a better place by improving our relationship with alcohol.

11:30

Michael Patten: We have a collective interest in getting the data sharing right. On the industry side, provided that we find mechanisms that do not breach competition law or lead to inappropriate sharing of information, we should consider that strongly and we would support it. Everybody has a strategic interest in getting that right, so it must be a collaborative effort.

The second question was about a unit price of 75p or 80p. In reality, you would be asking moderate consumers, who represent a large proportion of your population, to pay a high price for the transgressions of a minority. You have to ask yourself whether that is fair or equitable. At 75p or 80p, the loss of utility and enjoyment and the cost to moderate consumers—as well as the fact that the unnecessary reduction in their consumption will have an impact on your domestic industries—seem like an enormous price to pay, particularly when there are some questions and uncertainty about the data. If it is the case that harmful consumers are less elastic, you are asking moderate consumers to pay a price that is disproportionate to the outcome. In some ways, it is like increasing the price of petrol in order to stop speeding. We are deploying mechanisms that do not directly relate to the problem.

On the adjustment of pricing, that tends to be an issue in high-inflation markets or economies. Those conditions do not really prevail in that regard, on an aggregate basis.

If you choose to implement a method, you should consider it over a period of time, so that you can get some time-based analysis. The market will not settle down and level out within six months or a year after the introduction of minimum pricing. Therefore, the idea that you could change the price quarterly if you are not getting the desired outcome will not work, because the data to support that will not exist. That is not a practical suggestion.

Bob Price: I will answer your question, convener, and those of Richard Lyle and Jackson Carlaw.

I am also involved in my European organisation. We share information about the impacts of duty regimes in various EU countries. We have reports from Sweden and from Finland, which are both high-tax regimes, that show that Danish entrepreneurs—I would put quotation marks around that word—go to those countries and sell alcohol from the back of white vans to middle-class and normally law-abiding citizens who are prepared to rebel against the high-tax regime that is imposed on them by the Government. That is what happens. Estonia is a source of alcohol for Finland, and the Finns have had to adjust their tax regime to accommodate the influx of Estonian alcohol into Finland. However, the Finns are once again going to increase their taxes, which the Estonians are looking forward to.

One impact of a minimum price that makes alcohol expensive is that you will increase your crime and policing bill. The impact assessment shows an anticipated reduction in policing costs. However, if people are prepared to enter Scottish territory to supply alcohol, they will be breaching a number of regulations and engaging in some form of criminality. You are either going to stamp that out or you are not. The WHO's global alcohol strategy took cognisance of the fact that illicit production of alcohol exists. Its remedy is increased enforcement, which means increased policing costs. If you go down the proposed route, you will have to adjust your figures on policing and crime.

David Paterson: With regard to Michael Patten's point about information sharing, whatever happens, the Office of Fair Trading and the UK Government need to ensure that that can happen legally within the current UK competition regime, because sharing commercially sensitive data would be a breach of the Competition Act 1998. However, organisations such as Nielsen and Kantar hold significant industry data that can tell us a lot about that market.

On the question of the mechanism, we must ask what the purpose of the minimum price is, which relates to the question of the basis on which the price would be reviewed. If the review were conducted on the basis of public health, you would need to take a reasonably long-term view in order to measure the changes.

With our colleagues in Walmart, I visited the Liquor Control Board of Ontario in Toronto. When it changes the minimum price, it takes absolutely no evidence on health impacts—that does not form any part of the equation. The board is the retailer and it is primarily a revenue protection measure. It will shift the price, but only as far as it believes will not reduce its revenues. That is a different type of mechanism. It is the same when the UK Government proposes changes to duty in the budget—it has said that it is primarily about revenue protection, and not about health. That suggests that a quarterly or biannual change would be too frequent. An annual change seems to be a more reasonable proposal.

I will add one more caveat. When you intervene in the market, you are necessarily intervening in the contracts that exist between retailers and producers. Several other laws govern that, such as the grocery supply chain code of practice, which means that we cannot retrospectively change the terms of contracts. A quarterly change in the minimum price would change the nature of contracts, which would have implications for those relationships. An annual change would be much more sensible and reasonable.

Bob Doris: I have a few questions to ask, so I will try to be as brief as possible. The first concerns whisky, Diageo and the Scotch Whisky Association. Although I do not agree with your assumptions about the effect of minimum pricing on whisky exports, I note them. I do not agree with them because the bill is not specific to whisky and treats all products identically, irrespective of whether they are for domestic sale or for the export market. We disagree on that issue. However, for clarity, can you say what other products that Diageo and other Scottish whisky producers produce would be affected not by, say, a 60p increase in price, but by a far more significant increase akin to the increase in the price of cider? Can you give us some information on other products that could be affected by minimum pricing? That is just a factual matter that I make no issue of—I simply want to get that information on the record.

My second question is on the evidence base and proof for minimum pricing. We have heard much about the Sheffield study and about the only empirical evidence that we have being Professor Tim Stockwell's analysis of minimum pricing in British Columbia and beyond. At last week's

meeting, I asked whether it is credible to assume that there would be 1,200 fewer hospital admissions in the first year of minimum pricing in Scotland and Professor Stockwell pointed to a 4 per cent reduction in the number of acute admissions in British Columbia to back up that statistic. What are your views on that empirical evidence, which dovetails accurately with the Sheffield study? Would it not be welcome if that happened? The same study proposes that there would be 400 fewer violent crimes in the first year of minimum pricing and that almost 23,000 fewer work days would be lost through absence due to alcohol. Irrespective of whom minimum pricing impacts on most, do you not agree that everyone—whether or not they drink alcohol—would benefit from those social outcomes?

My final question will, I hope, be constructive. I was delighted to hear information from Tesco and Asda about positive steps that they may take with minimum pricing, such as reducing the alcohol content of individual cans of lager and cider. That shows that minimum pricing can have a positive effect. If someone wants to drink six cans of lager, they will drink six cans of lager at 3.5 per cent rather than 7 per cent and their alcohol intake will reduce dramatically, resulting in a positive health outcome for everyone. Do the supermarkets think that there could be other positive knock-on consequences of minimum pricing?

I know that there is a lot in those questions on the Scotch Whisky Association, the health benefits for everyone in society and what the trade may do to respond in a positive way.

Gavin Hewitt: I understand your reservations about the knock-on effects on Scotch whisky and the important export markets. I agree that the way in which the Scottish Government is making the proposal for minimum pricing does not discriminate against Scotch in Scotland. Unfortunately, the evidence and experience that we have is that we are discriminated against in foreign markets wherever people can get away with it. We have battled for 20 years to remove some of that discrimination, but it will be reintroduced on the basis of the public health justification.

Unfortunately, a wrong assumption has been made, which is that because Scotch whisky cannot be less than 40 per cent alcohol content, it is more dangerous to health than a low-alcohol beer. That is not relevant, because it is how one drinks it that matters, rather than the alcohol content of the drink, and people drink Scotch whisky by one measure—maybe a 35ml measure in England. However, that is how foreign Administrations will use the Scottish precedent. That is unfortunate and we will have a real task on our hands to try to remove the discriminatory

policies that they will introduce on the back of a Scottish precedent.

Bob Doris: We might not agree with that, but the question was about other products that large multinationals such as Diageo sell and which minimum pricing would directly affect.

Michael Patten: The honest answer is that we do not know until we see how minimum pricing plays out. There are positive scenarios and negative scenarios.

The reality is that, by law, producers are prohibited from having any part in setting a retail price. We transact at our wholesale price and the setting of a retail price is a matter for an individual wholesaler, unconstrained under law. That is an overriding factor.

In this situation, the law will say something slightly different, but we do not know whether that will affect wholesale pricing and market demand, or whether the relative pricing position in multiples of a branded product versus own-label products will shift upwards or downwards. We have run one or two scenarios that suggest that products could do better, but other scenarios suggest that that would not happen. We are very unclear about the situation.

Bob Doris: I do not mean to be rude, Mr Patten, but it stretches the bounds of credibility to suggest that Diageo, which is an expert in the export market and global trade in whisky, has not looked to see which among its basket of other products might be affected by minimum pricing. Can you give me an idea of what those products might be? Can you name some names?

Michael Patten: Okay. Take Smirnoff vodka as an example: in Scotland, about half of the Smirnoff that is sold is sold below the proposed minimum price—the average unit price is about 42p. That product's retail price would obviously move up under minimum pricing. What we do not understand at this stage is the decisions that will be taken about relative prices, whether retailers will move the price point further and what the relationship of Smirnoff's price will be to that of own-label products. A lot of decisions are unclear.

We have modelled scenarios, some of which are positive and some of which are negative. All we can do is try to assess the situation. Minimum pricing is new territory for everybody. With all due respect, it is difficult for us to act with any degree of precision.

On the second question, we understand the studies that refer to the level-of-harm impacts and so on. We believe that some of the projections are based on elasticity of consumer demand that have been overstated. If elasticity is overstated, the benefits in terms of levels of harm are potentially

overstated. There is a question about whether the policy will produce an effective response. There is insufficient evidence supporting minimum pricing to say that if we do X, then Y will happen.

The analysis in the Sheffield study is very good and it points in some clear directions, but we believe that in putting the model together some of the wrong elasticities have been plugged in. We do not know.

Bob Doris: I will widen the discussion out. I picked the projected figure of 1,200 fewer alcohol-related hospital admissions to Scottish hospitals because it dovetails with, and is backed up by, empirical evidence from Tim Stockwell in Canada. Has minimum pricing wider social benefits for everyone, irrespective of whether they are drinkers or non-drinkers, or of their drinking patterns? You suggest that there might be negative effects, but do Mr Patten and other witnesses accept that minimum pricing will have positive outcomes, including health and social benefits? That is what I am trying to tease out from the witnesses.

George Kyle: Tennent's supports the principle of minimum unit pricing. We believe from our modelling—which takes into account all the complexities, elasticity of demand and information in whatever report you look at, including the Sheffield study—that our prices will increase and our volumes will go down but, given the abuse of alcohol by a minority in this country and the projected overall benefits, we have arrived at a position that is supportive of minimum pricing.

11:45

David Paterson: I will respond to Mr Doris's point on the wider impact. I would echo some of the comments that have been made. The process is dynamic and we have not seen such a level of market intervention before, so we cannot be entirely certain about the impact. However, it is easy to work out what proportion of our current product lines would be affected at different levels of minimum price.

I will give a few figures. We think that about 60 per cent of spirits, 62 per cent of beer and about 56 per cent of wine would be affected by a 50p per unit minimum price. Some of those might be affected by a few pence here and there, but others would be more significantly affected. As we go up and down, the figure can change considerably. If we went down to 45p, we could knock about 10 per cent off each of those figures. If we went up to 60p, about 70 or 75 per cent of sales would be affected in some way.

It is very difficult to translate that into customer behaviour in volumes. That may be the point to which Michael Patten was alluding. As retailers and producers, we can see what might happen to

some of the prices, but we do not know how that will shift the customer dynamic between categories. The issue is whether the modelling takes that significantly into account.

Dr Simpson: Scottish Health Action on Alcohol Problems produced a report that recommended some 16 improvements to the Licensing (Scotland) Act 2005, which was the first effort to manage alcohol consumption in Scotland. Do witnesses have any comments on that?

We all seem to agree that, whatever happens, we need to monitor minimum pricing carefully. We need to ensure that, if we are going to sell the policy to the rest of the world, we do not sell it a pup, so we must have good-quality research.

I am concerned that the study that has been approved so far is not the one that Tim Stockwell recommended in his evidence last week. The one that has been recommended is a before-and-after study. We already know that there has been a 15 per cent drop in deaths, a drop in hospital admissions and a drop in hazardous drinking from 28 per cent to 22 per cent. That has already occurred, so how will we measure the success of minimum pricing?

As Jackson Carlaw says, we are going to get minimum pricing whether we like it or not. We cannot stop it now, so how will we monitor it to ensure that it delivers what is intended and that it is not creating other issues around the UK or affecting other elements, about which we talked earlier?

Does the industry think that it is appropriate to sell a container that, once it is opened, cannot be closed? I am referring not to a screwtop—a container that someone can drink part of, close and go back to—but particularly to a can of superstrength drink that cannot be closed and contains more than the UK guidelines' safe limit of alcohol. Is that an ethical approach to business?

The Convener: Are there no takers?

Gavin Hewitt: I could not endorse more what Dr Simpson said about evaluation. If minimum pricing is going to be introduced—I acknowledge the numbers in Parliament—there must be a proper study to examine the consequences of the policy. However, if there is a large amount of cross-border purchasing, whether by internet or travel, how will the Scottish Government calculate the amount of alcohol that is consumed in Scotland when it is actually purchased outside Scotland? Nothing will be able to show that.

Patrick Browne: The SHAAP report is flawed and a number of the recommendations are not relevant. For example, it talks about having the Scottish Government reissue guidance on licensing legislation. I think that the Government is

planning to do that anyway. The report is also flawed in that the working group that reached the conclusions did not involve anybody from the industry. To ignore stakeholders was a flawed approach.

The most flawed aspect of the report is that it talks about overprovision. If we consider the number of outlets that sell alcohol, we find that on 1 September 2009, when the new licensing regime came into effect, there were 2,600 fewer licences to sell alcohol than there had been prior to that point. SHAAP should have considered that factor, but it ignored it and said that there are too many outlets. The report is interesting, but that issue and others mean that more work on it is needed.

Paul Waterson: As I said, a lot of problems are emerging in the market because supermarkets charge low prices. That is why many groups are trying to tighten up in other areas. The pubs are caught up in that, which is not particularly fair if we compare the amount that is sold in the off-trade sector with what is sold in the on-trade sector.

Gil Paterson: I think that Mr Patten said that expecting minimum pricing to address harmful drinking is like expecting higher fuel costs to address speeding, but that is exactly what happened. When the cost of fuel went up, two things happened: the number of vehicles on the road reduced significantly and the speeds at which vehicles travelled reduced. Cost impacted on speeding. I know that because I am heavily involved in the motor industry, which pays a lot of attention to what is called the car park—the number of vehicles on the road—which has reduced significantly. The statistics show that Mr Patten defeated his own argument.

Jackson Carlaw and I have both been in business. For every commodity that I have sold—which is quite a number, although I did not sell some things very well—every time I put the price up I sold less, and every time I put the price up significantly I sold a lot less. When I put prices down, a remarkable thing happened: volumes went up. I am sure that that happens in other places.

Witnesses set some store by cross-border trading. We can never stop that; people will go wherever there is a bargain to be had. However, people also take into consideration the cost of getting there. David Paterson mentioned Ireland, and someone else mentioned Estonia. I know a bit about Estonia. When I was there, a pint of beer cost 40p, while in Finland it cost more than £5. People were going over there every weekend by the shipload, but that phenomenon has started to slow down significantly because of the current cost differentials. What were the differentials in the cost of particular items? It would be useful to know that.

David Paterson: Are you asking about the price differences between Northern Ireland and the south?

Gil Paterson: Yes. What made people bother to travel significant distances?

David Paterson: I am happy to look into that. I also point the committee in the direction of the quarterly national household survey that the Republic of Ireland's Central Statistics Office Ireland produces. When that body looked at households that were travelling to Northern Ireland it considered some of the costs that are associated with travel. Average household expenditure on the trips was €26 on accommodation and meals, €8 on petrol and diesel and €4 on entertainment. There is a significant body of evidence on the cross-border trade, to which we can probably refer, but I am happy to look into the relative pricing. As I said, it was not just about alcohol; there was a massive price gap for toiletries, nappies and so on.

Gil Paterson: That would be useful.

Jim Eadie: I will address my questions to Mr Hewitt and Mr Patten. Mr Hewitt, you said that a possible alternative to minimum unit pricing is excise duty plus VAT. How effective a public health policy measure would such an approach be? I understand that an investigation by *The Guardian* found that of 3,000 products, only one would increase in price and some could be sold more cheaply. Have you looked at that, and could you provide the committee, if not today then after the meeting, with evidence of where you see that proposal being effective?

Gavin Hewitt: I think that you misunderstood me. The article in *The Guardian* referred to a floor price based on current tax and VAT—that is the UK Government's proposal to ban the sale of alcohol below a price of duty plus VAT.

Jim Eadie: I thought that you endorsed that proposal earlier.

Gavin Hewitt: No. If people are concerned about the price of alcohol—and I hear that there is such concern—there is a legal way in which to address that. We believe that minimum pricing is, and will be proved, illegal. The legal way to address the price of alcohol is to use the duty structure in the UK, within the confines of EU duty structures, to approximate the tax across all alcohol categories, so that the percentage of alcohol in each category would be charged the same amount of duty.

Let us say that all alcohol was brought up to the level of the duty on whisky. Mr Lyle referred to the fact that Scotch has been taxed more than other categories of alcoholic drink. If you approximate tax so that the same tax is introduced and applied

to the percentage of alcohol, with a floor price so that no retailer can sell alcohol below the increased duty and the VAT on that duty, in effect you have a legal system of addressing price.

Jim Eadie: Are you saying that that is theoretically possible or that it is something that, as a responsible industry, you support?

Gavin Hewitt: We have always supported what is called tax equivalence or tax approximation, and we continue to campaign for it. We believe that it is practically possible. We made a submission to the Treasury when it looked at the reform of alcohol tax in December 2010. I am very happy to give you a copy of our submission, which was based on the possibility of re-addressing the tax structure for alcohol in the UK.

David Paterson: We have previously supported duty plus VAT as a floor price. We voluntarily moved to that position in 2010. Since then, a number of duty increases have come through. For example, a litre of our own-brand vodka was £12.18 in 2010 but rose to £12.47 after the 2010 duty rises; it then rose to £12.72 in 2011 and, after the 2011 duty increases, rose to £13.47. That shows the rises that have taken place.

From the first week in April, there will be a ban in England and Wales on selling at below the cost of duty plus VAT. That will set a de facto floor price that I expect will, in practice, be translated across the UK. We know that there will also be a duty escalator of inflation plus 2 per cent.

Jim Eadie: Mr Hewitt, are you saying that no products would come down in price as a result of the proposal that you outlined?

Gavin Hewitt: It would be for the authority that sets the rate of duty to establish what would happen. It is not for us to decide the rate of duty.

Jim Eadie: You will understand that there is scepticism about whether an alternative to minimum unit pricing would be as effective in public health terms.

I will move on, because clearly we want to see—

The Convener: Can we have a response from Mr Patten as well? Do you wish to respond, Mr Patten?

12:00

Michael Patten: I endorse the general points, although I also want to bring the conversation back to the fact that one of the reasons why we are here relates to current concerns about the very low price of alcohol. Some of the measures that we are considering, be they a duty plus VAT floor price or minimum unit pricing, take us into the realm where the Competition Commission will say,

“That’s price setting, which has all these effects.” When the issue of alcohol pricing came up a couple of years ago, the retail sector sought a safe harbour in which to discuss the issues without competition law being brought to bear on them. However, at that stage, they were told that they could not do that. It feels as if we are structuring and organising a lot of regulation, with all its unknown consequences, to get around the fact that industry players are limited in their capacity to get beneath the issue.

We seem to be building up layers and layers of complexity to deal with the issue, and the challenge that I lay down for us to think about is whether we can find some mechanism by which market actuaries can work in collaboration with the Parliament and others to look at the issues in play and solutions to them without having to layer in regulation, the outcome of which we do not yet know.

The Convener: Do you wish to respond to the initial question, Mr Browne?

Patrick Browne: With regard to Gavin Hewitt’s comments, duty equivalence and tax approximation are quite complex issues and would have unfortunate consequences, particularly for brewers, who would find it very difficult to continue to operate and produce beer. As I understand it, duty equivalence would immediately knock about £3 off the price of a bottle of white spirits, and I am not quite sure how that sits with the idea of protecting public health. I am more than happy to submit an alternative perspective to the committee but, as I said, the issue is quite complex.

Paul Waterson: The problem with having a duty plus VAT floor price is that some prices will actually come down. That is why we have never supported such a move in this context. David Paterson was talking about something else; the fact is that the duty is simply not put on and that, with the duty escalator, we can see the difference growing. I am not saying that every supermarket does that, but the problem is that when one supermarket cuts prices the others cut them, too. That just goes on and on. Another reason why the intervention of minimum pricing is so important is that it will put a stop to all that and give people a basis to work from.

Gavin Hewitt: I do not want to discuss how the rate of duty will affect individual products—that is a question for the Treasury—but I emphasise that concerns that duty and tax are not being passed to the consumer can be addressed through tax approximation. I accept Patrick Browne’s view that it is a controversial move and will have different effects on different sectors. However, if you have a floor price and a condition of your licence is that you cannot sell alcohol for a price below duty plus

VAT, the effect will be the same as that of minimum pricing.

The Convener: Those other suggestions are all very interesting but I am getting looks—and rightly so—from Jackson Carlaw to remind me that we are here to discuss minimum pricing and the very narrow bill that is before us.

Jim Eadie: We have been discussing alternatives to minimum unit pricing, to which the industry has very frankly set out its objections. I hope that that frankness and honesty will continue in responses to my final question.

Mr Hewitt, you said that you do not think that minimum unit pricing will be effective. Even if the on-going assessment proves that it has worked, the fact is that you will not change your view and come out in favour of it, because of other reasons such as the potential barriers to trade and international markets.

Gavin Hewitt: We believe that the precedent of Scottish minimum pricing legislation based on a public health exception will be misused by foreign jurisdictions against imported products and that the Scotch whisky industry will continue to see problems in its overseas markets, where we sell most of our product.

Jim Eadie: So the answer to my question is yes. You will not change your position on minimum pricing, even if in Scotland we can prove that it has been as effective as people such as Professor Stockwell have predicted and that it has had a public health benefit to the Scottish community.

Gavin Hewitt: Minimum pricing is the biggest challenge to the Scotch whisky industry in its export markets.

Jim Eadie: So you will not change your view, even if we can prove that minimum pricing works in public health terms.

Gavin Hewitt: Because we believe—

Jim Eadie: Thank you. That was the honesty I was looking for.

Gavin Hewitt: We believe that, as the ECJ has regularly proved, there is a legal means of addressing price through tax.

Jim Eadie: I understand that point, but—

The Convener: I think that that was a yes, Mr Eadie.

Jim Eadie: It was, and I do not want to pursue that point.

I have a final question. I understand why you are making the case on behalf of the industry; that is your job and you have been very effective as a lobbying organisation—which is no doubt why the tax take from alcohol and, specifically, spirits has

declined significantly over the past 30 years. Even though in more recent years the UK alcohol duty on spirits and VAT itself have risen—which your industry no doubt argued against—the industry has had year-on-year increases in profits. The industry is very successful—indeed, Mr Patten called it a “jewel in the crown”—and will continue to be so even with minimum unit pricing.

Gavin Hewitt: The Scottish market represents a very, very small part of our overall effort. You must remember that 95 per cent of our product is sold overseas and that we are successful because we export well.

Michael Patten: The core reason why we are standing in what I regard as principled opposition to minimum pricing is that we do not believe that the policy has the evidence base to support it or that the analysis will lead to the predicted outcomes. Our offer—

Jim Eadie: In that case, I ask you the same question that I asked Mr Hewitt. If it can be proved—

Michael Patten: If I may, Mr Eadie—

The Convener: Let the witness answer the question.

Michael Patten: Our offer is very simple: if and when this Government and Parliament decide to implement minimum pricing, they should also introduce very clear metrics of assessment of the policy's efficacy and, at the end of the review period, have an honest conversation about whether the policy has delivered its objectives. If it has, so be it; if it has not, the regulations should be rescinded. That is a very fair position to take.

Jim Eadie: I ask you to answer the same question that was put to and frankly answered by Mr Hewitt. If we can prove that minimum unit pricing works, will your company and industry continue to argue against it?

Michael Patten: We will remain concerned about the precedent that it will set. However, we have clearly set out our stall: we support evidence-based policy making. If the evidence suggests something, we have to take cognisance of that.

Jim Eadie: I will leave it at that, convener.

The Convener: If members have no other questions, I thank all the witnesses for attending and providing evidence—yet again, and yet again, in some cases.

I suspend the meeting for a changeover of witnesses.

12:07

Meeting suspended.

12:12

On resuming—

The Convener: We will press on. I start with an apology to our witnesses. We did not expect the previous session to go on for as long as it did. We appreciate your still being here. We will do our best to give the evidence that we take in this session proper weight.

I welcome our second panel. Kate Higgins is policy manager at Children 1st, Major Dean Logan is addiction services officer at the Salvation Army, Sarah O'Neill is director of policy at Consumer Focus Scotland, and Andrew Deans is convener of the health and wellbeing committee of the Scottish Youth Parliament. Thank you all for being here.

Who would like to ask the first question?

Bob Doris: I am happy to kick off. We debated with the previous panel the evidence set on whether minimum unit pricing would work. There was clear disagreement about that. I have consistently quoted the figure of 1,200 fewer acute alcohol admissions in year one. I keep coming back to that figure because it was backed up by Professor Tim Stockwell in his analysis of minimum pricing in Canada. He said last week that it would translate into the Scottish context, with the Scottish method of minimum pricing.

Rather than debating that evidence set, I am more interested in knowing, from your first-hand experience—the information may be anecdotal but it is empirical—what damage cheap alcohol causes in society. That is a general question to start with, and we can pick up on the specifics later.

12:15

Major Dean Logan (Salvation Army): In my experience as a Salvation Army officer who works as a practitioner in the field—I work in an alcohol detox unit—I have seen physical evidence of the impact of alcohol, not only on the individual who finds himself in the crisis of alcoholism but on those who love and support that individual. There is anecdotal evidence that, for every person who comes through our doors, another 12 people are directly affected by that individual's alcoholism and their behaviour. By addressing the issues that are pertinent to the individual, we can have a significant impact on those who care for them. Although that is not empirical evidence as it is not backed up by research, it is backed up by the expertise and understanding that we have gained from our work. I hope that that begins to answer your question.

Kate Higgins (Children 1st): Children 1st has been working in Scotland for more than 125 years to build brighter futures for vulnerable children and their families. For decades, we have seen the harm that is caused to children and young people by adults' misuse of alcohol and we are very much involved on the front line in trying to address the impacts of that harm such as abuse, trauma, neglect, violence, and detriment to emotional health and wellbeing.

It is disappointing that children were not mentioned once in the previous evidence session, given the relationship between alcohol and the harm that is caused to children and young people.

In our service provision in the past year, we have supported families and recovery for children who have been abused and traumatised, often by violence in the family or by neglect, through family group conferencing, in which we bring the family together to find a solution to the care arrangement for a child who is at risk of going into the public care system; through befriending; and through the national kinship care service, which we run on behalf of the Scottish Government. When I looked at the statistics on those services for last year, I found that more than 12 per cent of individuals and families were referred directly to our services because of the impact of alcohol misuse, usually parental, and that in a further 9 per cent of cases, alcohol misuse had a major impact on the child's wellbeing and what was going on in their life.

We do not have definitive statistics on the number of children in Scotland whose lives are adversely affected by parental alcohol misuse. The best estimate, which comes from the Scottish Government, is that 80,000 to 100,000 children are affected each year.

We also know about the relationship between alcohol and neglect and abuse, and we can include alongside that the impact of substance misuse. We should have better statistical evidence on that by September because substance misuse will be recorded as a ground for referral to the children's hearings system. That will be the first time that we have data on its impact. We know from work that the Scottish Children's Reporter Administration has done that substance misuse is a major factor for more than half the children who are subject to care proceedings.

Alcohol is a significant contributory factor in about 50 per cent of incidents of domestic violence, which run at 40,000 to 50,000 a year. We have done our own work in that area, which suggests that at least 25,000 children in Scotland are directly affected by domestic violence. That usually means that they are physically caught up in incidents.

In 2010, Childwise found that half the children it surveyed—1,200—had seen their parents drunk, and almost three in 10 of those children said that they felt scared when adults were drinking. In 2007-08, the social care and children's hearings systems had costs directly attributed to alcohol of between £114 million and £346 million—a huge disparity, but that is because the figures are estimates. It is also estimated that 30 per cent of children in the UK live with at least one binge-drinking parent.

The Convener: Do you have this information in your written submission?

Kate Higgins: We have not made a written submission yet.

The Convener: If you could do so, that would be important for us.

Kate Higgins: We will. My point is to show that there is a huge amount of evidence about the extent of the harm that alcohol causes to children and young people.

The Convener: I want to give the others a wee chance. Do you have any comments, Bob?

Bob Doris: I apologise to Ms O'Neill and Mr Deans, who have not spoken so far. I absolutely agree with what Mr Logan and Ms Higgins said about the damage that alcohol misuse and abuse do to society; I am sure that none of us disagrees with that.

My point was about the research showing that minimum unit pricing would reduce consumption, with those most likely to abuse alcohol modifying their drinking accordingly, and I had hoped to get some empirical, high-level evidence about that from the panel. You have given very powerful evidence about the damage that alcohol does to society, but in your direct experience—through the people you meet in your professional lives—is the availability of alcohol at very cheap prices a significant factor? Do you have evidence from your work to show that that is the case? That was the focus of my question. We can all say that alcohol is a bad thing that wrecks lives and that children should not see their parents drunk, but can you tell us whether you think that minimum unit pricing will have an effect in tackling the issues?

Sarah O'Neill (Consumer Focus Scotland): Let me set out our position. As a policy and research organisation, we do not have the empirical evidence that members are asking for. Our general position is that consumers benefit from functioning markets. We would usually see the imposition of a minimum price as an unjustified intervention in a functioning market and would be concerned about its impact on low-income consumers. In this case, however, there is overwhelming evidence, based on the statistics,

that a public good would come from the introduction of minimum pricing.

Alcohol is an unusual market because it offers an addictive substance, the excessive use or abuse of which impacts on consumers as a whole. It not only affects individuals' health but has an impact on others in terms of lost productivity, crime, road accidents and so on. According to Scottish Government figures, it is estimated that £3.56 billion a year is lost through excessive alcohol use in Scotland—a huge cost. That affects everyone—not only the individual consumers who are consuming the alcohol but all consumers as taxpayers and users of public services, because the money that goes towards those things cannot be spent on other public services. The financial memorandum estimates that the total value of harm reductions achieved from minimum pricing would be £720 million over the first 10 years, and that is the focus of our evidence. We have some concerns about the impact that minimum pricing may have on low-income consumers, but we think that, overall, based on the evidence, it would benefit the majority of people.

Bob Doris: So the work you have done on behalf of consumers shows that, on balance, minimum pricing is good for all consumers, irrespective of whether they consume alcohol. Perhaps that is related to some of the knock-on consequences mentioned by Major Logan.

What about young people?

Andrew Deans (Scottish Youth Parliament): We are in no doubt that cost and consumption are linked. Because young people are generally low-income consumers, they may be more responsive to the cost of alcohol. Low-priced alcohol means that irresponsible drinking is more affordable for young people, and that is why we are broadly supportive of minimum alcohol pricing. However, we also recognise that the responsible drinkers among young people, who are the vast majority, stand to be affected, depending on the level that is set. We appreciate the dangers involved in low-priced alcohol, which makes irresponsible drinking affordable, but minimum pricing must be part of a picture that includes education, counselling and intervention, and it must be set at a level that allows responsible drinkers among young people to continue that responsible drinking and not to be impinged on.

Bob Doris: Have you looked at some of the modelling? Modelling has shown that, with a minimum unit price of 45p, a cheap bottle of cider might double in price to £3.40, while a bottle of whisky or spirits would increase by 60p. Has the Scottish Youth Parliament looked at what would be a reasonable intervention, providing health benefits to young people without overly interfering in their income-sensitive purchasing habits?

Andrew Deans: We have not done any consultation work specifically on that, but within the Youth Parliament we have looked at the possible outcomes of different price levels. I think that 45p is probably reasonable, albeit at the high end. It is the point at which the price would not have an adverse impact on responsible drinking by young people. Anything above that level begins to become a problem for all low-income consumers, including young people. However, I am cautious in saying that because, as I said, we have not done any consultation work.

Bob Doris: I will ask one additional question before I let in my colleagues. I have asked witnesses last week and this week about the cultural drinking patterns of people in all age groups. The pattern for younger age groups whose income is constrained is that they get cheap alcohol from off-sales, drink it at home before they go into town centres and then budget whatever money they have left for the door entry to a club or a couple of drinks in a pub. Is that your experience of the cultural habits of the young people whom you represent? Do you think that an increase in off-sales prices would result in reduced alcohol consumption among young people?

Andrew Deans: There is no doubt that what we are talking about is not just a result of having low prices but a cultural problem that we have in Scotland. What you said about young people drinking before they go out is correct—that is the current picture. It is fair to say that, if alcohol was not available at such a low price, consumption would be less. However, as the issue is cultural and not just down to price, we are saying that, although minimum pricing might help a little, it is by no means the be-all and end-all or the answer that will mean that no young people will be irresponsible drinkers. That is more likely to come through education and early intervention.

Bob Doris: I completely agree.

Drew Smith: I have three short questions. I will ask them all together and see whether they take the witnesses to the same conclusion as I reached.

Ms O'Neill, you referred to the fact that you would normally be concerned about a minimum price and the impact of that on low-income consumers but said that in this case you are convinced by the overwhelming evidence. Will you say a little more about that overwhelming evidence? Is it evidence specifically on consumer behaviour?

Mr Deans, you said that young people are low-income consumers—I accept that some young people might be, although that will not be the case for all—and so are more likely to respond to a price change. Other evidence suggests that young

people are some of the least likely to be price conscious. What specific evidence do you have for your assertion? You said that the Scottish Youth Parliament has not consulted on the issue, so what is the basis for your statement?

Ms Higgins, you spoke well on the problems of alcohol misuse and how they affect children. We all accept that; it is not at issue in the evidence. I would be happy for you to tell me that I am wrong, but I surmise that some of the children that you are most concerned about and the heaviest levels of parental drinking are among low-income groups. Those parents are likely to spend even more of their money on alcohol as they are the groups least likely to change behaviour because of a change in price. How would that impact on children in those families?

That all takes me to the conclusion that we need to think seriously about how we study and evaluate a price change. I do not know whether you were all in for the previous session, but we spoke about whether it is good enough simply to have a before-and-after study of a change or whether we need to think more carefully about how some of the things might impact. The obvious comparison would be with an area of England in which everything else is broadly similar, so that the price change is the difference. That would provide us with a control study. Do you agree that that would be a good idea?

12:30

The Convener: There were a lot of questions there.

Sarah O'Neill: Perhaps I can start. The evidence to which I referred is the statistics—which I already quoted—for the money that would be saved to the public purse. There is also clear evidence of—

Drew Smith: That is an estimate, not evidence.

Sarah O'Neill: Yes, okay. It is an estimate of the impact that minimum pricing would have. However, there is a lot of evidence to suggest that there is a clear link between price and demand—and also harm—in relation not only to alcohol but to tobacco. There is not a lot of evidence on consumer behaviour out there that I am aware of other than that research. We would want to make it clear that the policy will work only as part of a package of measures, and that the cultural issue—looking at ways in which we might change the culture—is vital. We saw how long that took with smoking. We must start somewhere, but culture is clearly a major part of this.

I certainly agree that we need an evaluation. In fact, we would call for an evaluation of the supply-side responses before and after; of the impact of a

minimum price, particularly on low-income consumers; and of the general cost to society. I agree that all that has to be done, but it must be part of a package of other measures.

The work that is being done on changing consumer behaviour in other areas makes it clear that there must be many other interventions such as education and awareness-raising work if we are to change behaviour. It will take quite some time to achieve.

Kate Higgins: I will answer all three questions together. First, I must scotch the myth that only low-income households will be affected by minimum pricing—

Drew Smith: Sorry—just to be clear, that was not what I was saying. I said that there might be an impact on that group in particular.

Kate Higgins: —and that they are the ones who are the heaviest users of alcohol. The growing up in Scotland survey last year found that the frequency of alcohol consumption increases with household income, and that 8 per cent of parents in the lowest-income households drank alcohol more than once a week in comparison with 36 per cent of parents in the highest income group. There is evidence that it is not just those in families with children who are living in poverty who are the heaviest drinkers.

We will pull all the evidence together, because we have found a number of helpful studies that show that minimum pricing will have the biggest impact on the heaviest consumers, and particularly on young people. The evidence suggests that there is a correlation between price and availability for young people.

On your specific question about low-income families, the answer is yes: we work day in, day out with families at the lowest level. There is alcohol harm there, but we would advocate a whole-population shift that addresses Scotland's relationship with alcohol in general, and particularly parents' attitudes towards drinking. There is evidence to show that children increasingly learn their drinking behaviour from how their parents, rather than their peers, treat alcohol.

On the issue of poverty, people who live in poverty perform heroic acts on a day-to-day and weekly basis to make their money go as far as possible. We have no doubt that the vast majority of families in low-income brackets who partake of alcohol will adjust their behaviour accordingly if the price goes up, in that they will consume less. That would also be true of the whole population.

There is evidence to suggest that where a minimum price is established, the heaviest drinkers are most likely to be impacted. By taking

a whole-population approach, the heaviest drinkers in families living in poverty will adjust their consumption accordingly, which will have a positive impact on the physical and emotional wellbeing of children and young people in Scotland.

Andrew Deans: I appreciate the point that Drew Smith is getting at. Some of the evidence that was discussed in the session with the previous panel indicated that young people are less responsible, although I believe that I heard some evidence to the contrary.

There is a link between cost and consumption. I do not think that such a link can be doubted. Low-income consumers—a lot of young people fall into that category—will have to change their behaviour if the things that they normally buy are more expensive. I appreciate that the change will not be massive and that young people will not suddenly change all their behaviour just because alcohol is slightly more expensive—a price increase needs to be part of a package of measures. However, I find it extremely difficult to believe that young people will not change their behaviour—I think that we will see a change if the price goes up and irresponsible drinking is less affordable.

Major Logan: In our submission, we quote "Alcohol Statistics Scotland 2009", which reveals that approximately two thirds of all alcohol-related deaths in Scotland in 2007 were among the most deprived communities. From the correlation between deprivation and alcohol-related death, we can extrapolate the impact that alcohol is having on the most deprived areas. In addition, people who live in the most deprived areas of Scotland are eight times more likely to be admitted to a psychiatric unit for an alcohol-related disorder than people who live in the least deprived areas. There is a disconnect in our society between those who live with poverty on a daily basis and those who do not. Such alcohol use is probably much more about coping with the circumstances that those people find themselves in than it is about enjoying themselves. I do not think that any of us would say that those statistics speak of a life enjoyed consuming alcohol.

Those are the statistics that jumped out at us. Like Children 1st, we work in some of the most deprived areas of Scotland on a daily basis, and we see the impact of alcohol on families and communities.

Drew Smith: Major Logan makes a good point about some of the reasons why people drink, and Kate Higgins made a fair point about moving the situation on.

Would you both agree that when it comes to any study or evaluation of minimum pricing, the specific impact on low-income groups and, in

particular, people who live in poverty needs to be a crucial part of how we measure its success? After the bill is passed—as we know that it will be, as was said in the previous session—we will know for a fact that it has worked only if those groups of people have not simply increased the proportion of their income that they spend on alcohol.

Major Logan: That would be a worthy piece of research to undertake. However, we must recognise the complexities of the situation; it is not just about alcohol. Alcohol is a component of the issue; sometimes it is a component that will change the way in which we view a community. It is certainly a component of how the people in it deal with their lives.

The Salvation Army would not say that we should become a nanny state and look after everyone, but it is in our DNA to say that, just as society, through its laws and decisions, has, in some cases, brought about the deprivation and the inequalities that exist, so it has a responsibility to intervene where that is possible.

For us, the minimum unit price, which will deal with the place of alcohol in our society and the concurrent problems, is a wonderful societal benchmark. Once the measure is implemented and the research is done, I believe that the evidence will stack up and will say that the measure has made it possible for organisations such as Children 1st and the Salvation Army that work in such communities to work with people who are using less alcohol and who are therefore more receptive to the interventions that we can offer. People become more amenable to what we can bring to and share with them. We will always deal with people who fall off the cliff; we are simply asking the Government to put a fence at the top to prevent some people from falling over, which is what minimum pricing will do. The voluntary sector will always be there to work with those who need the services that we provide. However, we certainly applaud a legislative initiative that will prevent from falling those who might otherwise fall. From a personal point of view, I think that the battle is worth not only fighting but winning, and I applaud the way in which the issue is being handled.

The Convener: I have witnessed your good work and commitment in my community, but are you seriously suggesting that a minimum price will affect some of the harmful drinkers we have met and discussed the problem with, who have lost their jobs, families and dignity? A minimum price might be a worthy measure, but are we in danger of claiming too much for it, given that it will not make a difference to people who choose drugs or alcohol before their family? A minimum price will not impact on that group, will it?

Major Logan: That remains to be seen. Any impact on that group must be beneficial, particularly for voluntary agencies that work day and daily with such people. Only minimal, socially supportive work can be done with someone who consumes a high level of alcohol. However, if that level comes down even just a notch, the efficacy of our work will improve and that will be multiplied across generations.

We are talking about one little piece of proposed legislation. I have been in the committee room since 10 o'clock this morning and I have heard about the complexity of the issues. However, Kate Higgins is right to say that at the heart of the issue are the people whose lives are being destroyed by alcohol, on a social level. They do not have a voice, so we have to be advocates on their behalf.

The Convener: I understand, but I am concerned that you claim too much for a single measure. People in my community who provide services for those who have fallen pretty far tell me that they are concerned about some aspects of the proposals. They do not make too much of it, but they are concerned about the impact of the bill on the families who support those people, who will spend and do anything. The bill will not affect them. Service providers are genuinely concerned about that and have raised concerns with me. Are you not concerned that those people, who spend every penny that they can get now, will spend more, taking it from their families?

Kate Higgins: We hear the concern, but the answer to the question is no. Everyone agrees that minimum pricing alone is not a panacea or silver bullet and that it must go along with many other measures. If we apply minimum pricing and do nothing else, the outcome that you suggest might occur. We must put in place measures alongside minimum pricing. One that Children 1st argues for is much more of a whole-family approach to treatment services. At present, much of the investment is in adult treatment, and child welfare and the impact on children are not considered. Much of the investment is directed through the health route and it is hard to reach the kind of services that we use. We need both approaches.

Empirical evidence on the relationship between cost and consumption shows that the heaviest drinkers respond the most to a higher price. Even in families like those that the convener described and even among individuals who have serious alcohol addiction problems, some will respond simply to a cost measure, but support and treatment services must be built around that.

12:45

I return to Drew Smith's point about evaluation. We absolutely support a before-and-after approach. We are convinced that the measure will work. It works in Canada; there is also research from elsewhere. We came across a European study on the impacts on moderate alcohol behaviour when price is addressed that involved several thousand Czech mothers. There is increasing evidence out there that increasing the price and taking a whole-population approach achieves a cultural shift in people's attitude to alcohol.

As well as the effect of the price, the committee needs to look at information such as statistics from the Scottish Children's Reporter Administration about the number of referrals on alcohol misuse grounds and statistics on family breakdown and family support. Family breakdown is a key cause and symptom of alcohol misuse, which is one reason why we end up working with families. Following a loss, bereavement or relationship breakdown, people can turn to alcohol, which causes problems. The situation can apply the other way round as well.

Minimum pricing needs to be part of a package of measures to tackle alcohol misuse and wider societal problems.

The Convener: I call Jackson Carlaw.

Jackson Carlaw: Drew Smith has touched sufficiently on the issues that I wished to raise. I could expand at the margin, but I would probably get nothing more from pursuing the line of questioning, so I am happy to forgo my moment in the sun.

Gil Paterson: My questions are for Andrew Deans. I am trying to get my head round people's behaviour. One or two people have talked about people getting tanked up and have blamed young people. Young people do that, but my experience is that that happens across the board. People tank up before going to an event. Given my age, I would never get near the Youth Parliament, never mind speak in it, but I wonder about what was said earlier about young people. Andrew, you know your peer group. If minimum pricing is introduced, what will young people choose to do? Is getting tanked up before going clubbing part of the culture that we have talked about?

My view is that people get tanked up because clubbing is expensive and people's disposable income is finite. Therefore, will people continue to go to clubs or will the impact be on binge drinking? Alternatively, will people turn their backs on having a good night on a Saturday? Will you give us a young person's perspective?

Andrew Deans: It is difficult to say what will happen. Your description of tanking up then going out is accurate—in my experience, anyway. *[Laughter.]* It is difficult to tell, but I guess that minimum pricing will limit the amount that is drunk before people go out. I do not think that it will mean that young people choose to drink more and not go out.

You are right that young people drink before going out because alcohol is much more expensive when they are out. As you said, people do that across the board. I think that the effect will be to limit consumption before people go out.

Gil Paterson: Thanks for that. I have a question for Kate Higgins. We have heard a lot of people talking about how the proposal will impact on low-income people. You have a lot of experience in that area. I am fairly certain that you will not have what we call evidence, but I am just asking for your opinion based on your experience. If minimum pricing comes in, the likelihood is that it will have an impact on the families you deal with, who, like everyone else, have disposable incomes. There is no question but that it will have an impact on people, otherwise we ain't gonna do it. The impact may be that of taking away a bit of pleasure for some people who do not drink a lot. Are people likely either to put the money that they do not use for alcohol, because they are responsible, into their families or to take something away from their families to continue with the same level of drinking?

Kate Higgins: Our experience suggests that in the vast majority of cases they will reduce their drinking consumption, because parents by and large want to do the best for their children and families, so they will adjust their consumption habits in the same way as the rest of us, because it hurts our pockets more and we have only finite income. There are issues around those for whom alcohol has become the crux of, or a problem in, their lives. In that regard, I refer to my previous answer about everything else that needs to be done to support such families, including the kind of work that we, the Salvation Army and many other organisations do. Such work needs to be better resourced to achieve the required level of support. However, the vast majority of families will adjust their consumption downwards.

We also work with young people and I want to pick up on some of the points that were raised about the behaviour of young people. The good news is that the most recent and comprehensive study of young people's habits—the Scottish schools adolescent lifestyle and substance use survey, which I think was published just before Christmas—shows that young people are consuming less alcohol and are turning away from it.

The other point comes back to the idea of children see, children do. Price in itself is not the only factor. Increasingly, research shows that one of the major behavioural factors for children who drink the most is their parents' drinking. If parents drink less, the next generation will drink less.

There are two other relevant points. Targeted education has been seen to have less impact, so we need more of a whole-population public awareness campaign. Such a campaign has had remarkable results in Finland, particularly in addressing the drinking habits of parents and young people. That measure would work well with minimum pricing.

The other one that has a major impact on young people's attitudes to alcohol is limiting alcohol advertising, which has been done in France and—I think—Brazil. In our submission to the Scotland Bill Committee, we argued for the devolution of power over alcohol advertising, which is currently reserved. We regard it as a bit of a hanging thread, because other advertising powers are devolved. If we had control of alcohol advertising and matched limiting such advertising with minimum pricing, the two measures together would have a huge differential impact on young people's relationship with alcohol.

Richard Lyle: I refer to the submissions from Consumer Focus Scotland and the Salvation Army. The former states:

"It must be borne in mind that a minimum unit price for alcohol is unlikely to have any effect ... in ... premises like pubs and clubs".

So, that dispels the myth that prices in such places will go up.

I say to the Salvation Army that you do not compliment yourself enough. I have dealt with the Salvation Army over many years and you do an excellent job and have more knowledge about this subject than others do. You state in your submission:

"It has been argued that minimum unit pricing could be against European legislation".

We heard from our friends this morning that someone would challenge it and, although I was not allowed to ask them who that someone would be, I think that it might be my friend from the Scotch Whisky Association. Therefore, there could be a lengthy legal battle in the European courts. The Salvation Army is saying that it contends that that fight is worth having. Could you expand on that?

Since I might not be given another chance to speak, I will ask another question. The Salvation Army and Consumer Focus Scotland have suggested having a level of 50p as a starting position. How did you arrive at that?

Major Logan: The comment that we made about European legislation was based on watching the debate and hearing the arguments of the industry. The debate has been going on across the UK. The same kind of discussions have been had in London about the legality or otherwise of various proposals under European legislation. We know that there is some dubiety and we recognise that we are not experts in the field of European law. However, our understanding is that the legislation that is being used has a public health caveat, which is why we think that it will pass.

Some things are worth fighting for, but you must pick your battles. My organisation believes that this piece of legislation presents a window of opportunity and that it is worth fighting for. We believe that the impact of the legislation—which is capable of being researched and empirically evaluated—is unforeseen at the moment. We work at the coalface with people who have complex issues around the consumption of alcohol, who have had their lives devastated by alcohol and who have complex needs. Having a piece of legislation that could effect a change in their lives locked up in the European courts for a long time or refusing to fight the battle for such a change on the ground that it is not worth fighting for would lose an opportunity that we would not see again for another generation.

I might be overstating the case this morning, but we do not usually do so. If the battle must be fought in the European courts, we would stand behind the Government and say that we believe that the battle is worth fighting and is one that the Government will win.

Richard Lyle: How did you arrive at the 50p figure?

Major Logan: In the evidence that we gave to the committee the last time that the Parliament dealt with this issue, we considered the expertise that was being collated, sought guidance from the Institute of Alcohol Studies and came to the conclusion that a level of 50p would have a significant impact on the people whom we seek to serve—the Sheffield study supports that view. Of course, it would not give as much benefit as other levels—in that regard, I should note that I heard the collective gasp in the room when Professor Stockwell asked for a level of 70p or 80p.

A level of 50p would not disproportionately disadvantage those who drink moderately and socially and for whom alcohol is not a problem but it would have a significant impact on the 10 per cent of people whose drinking is problematic and affects their families.

That was our rationale. We have restated that in the evidence that we have put before the committee.

13:00

Sarah O'Neill: Mr Lyle suggested that Consumer Focus Scotland also supports a minimum unit price of 50p. In fact we have not expressed a view on what the level should be. We said:

"We do not have a set view on the level at which a minimum price should be set, but consider it important that it is set at a level which is related to the cost of products which are associated with harmful drinking and which are purchased by under-age drinkers",

which is the group that has been identified as being the most responsive to price changes. Much of the impact that minimum pricing has will depend on the level that is set.

The Convener: Have you finished asking your questions, Richard?

Richard Lyle: Yes, thank you. I do not need to come back in.

Dr Simpson: When Kate Higgins talked about the proportion of drinkers in different income groups, she said that the proportion is higher in the highest income group. I agree. It is also generally true that there are more hazardous drinkers with each increasing income group. However, more people in social classes 6 and 7—people of the sort that Major Logan described—are dying. That is a paradox that the medics could not explain when they gave evidence the other day.

When I worked as a consultant specialising in alcohol addiction, I encountered a lot of people who started off in the higher-income groups, became hazardous drinkers and then harmful drinkers, and then lost their jobs and families and so on and drifted into the lower-income groups. I am concerned that we will introduce a whole-population measure that will have a disproportionate effect on lower-income groups. When we remove the harmful drinkers from those groups—and the teetotallers, who are highest in the lowest-income group, and who will not be affected—we end up with a population measure that does not tackle hazardous drinkers, a proportion of whom will ultimately drift into lower-income groups. How can we justify a measure that will significantly affect only the lowest three income deciles?

Kate Higgins: We dispute that the impact will be only on the lowest-income groups. Minimum pricing will shift everyone's consumption.

A study that looked at moderate alcohol consumption and mothers' behaviour towards

children showed clearly that moderate alcohol consumption has a detrimental emotional impact on children. It was a large-scale European study that involved more than 3,500 Czech women. We will pull our evidence together and submit it to the committee; it has taken us a wee while to dredge it up.

We dispute the suggestions that there will be an impact only on some people's behaviour and that only hazardous or problematic drinkers cause problems. It is clear from the study that I mentioned that there is a risk of emotional harm to children from moderate drinking. Also, we know that alcohol is a cause of violence in families and relationship breakdown. You will know from your work, Dr Simpson, that when alcohol is used in such situations and money is tight, income becomes an issue.

We disagree with the suggestion that the bill is a big stick to crack a nut. For more than a century, Children 1st has worked with families and children and young people—particularly those in poverty, but across the population—and we fundamentally believe that Scotland needs to shift its attitude and behaviour towards and relationship with alcohol. The bill offers a key way in which to make that happen.

Dr Simpson: I fully accept that we need to change the culture and attitudes. However, if we accept the premise that there are more hazardous drinkers with each higher income group, my concern is how someone in the upper 50 per cent of income groups will be affected by minimum unit pricing.

It is interesting that Kate Higgins says that the recommended drinking levels are not appropriate. It has been hinted at in some of the evidence, but not stated, that we need to attack moderate drinking as well—that moderate drinking needs to be curtailed because of its adverse effects. That is an interesting proposal.

Major Logan: I fully accept Dr Simpson's argument—we do see that. I have seen teachers, doctors and professors who have been on high incomes pass through our hands as a result of their alcohol misuse. There are high-risk professions such as those of medics, journalists and landlords, and there is recognition that alcohol problems per se are not the preserve of the poor and dispossessed.

A whole-population approach—which is what the bill proposes—will have an effect that is worthy of research. I echo what Drew Smith said earlier, that we should be researching the impact of the proposal not only on the lower percentile groups but on the moderate and higher percentile groups. The data set from such action would give us a significant finding.

I recognise that the whole-population approach is not the only thing that the Government is trying to do about alcohol misuse. That is what we are talking about today, but we recognise that there are a raft of other measures that go along with it, not the least of which is access to treatment for those who require help. We need to work out how that treatment is delivered and who delivers it to those who need help in difficult times. It is to be hoped that the whole-population approach will prevent others from sliding down into the need for hands-on alcohol support. Is that okay?

The Convener: Yes. Jim Eadie wants to come in, and Bob Doris has another question. That may bring us to the end of the session.

Jim Eadie: It is clear from both the written evidence and the evidence that we have heard this morning that the panel believe—if I have understood them correctly—that young people are responsive to price and that minimum unit pricing therefore has an important contribution to make. I am also mindful of the fact that, in Major Logan's evidence, he urges the Scottish Government to grasp this opportunity as one that can really make a difference to the lives of the people of Scotland.

The Scottish schools adolescent lifestyle and substance use survey 2010 includes the statistic that 38 per cent of 15-year-olds who have ever had a drink claimed that they did not purchase the alcohol themselves. Given that you believe that young people are responsive to price, how can we tackle the supply of alcohol to young people by other people?

Andrew Deans: I am happy to answer that. I will first address your more general point about young people. I agree that young people will be responsive to minimum unit pricing, although irresponsible drinking and its consequences affect the whole population and not just young people, so to look only at young people in considering alcohol misuse would be wrong. The key word that you used was "contribution". Minimum unit pricing will make a slight difference but—as I am sure we all appreciate—it will not solve the problem and it needs to be complemented by education, counselling and intervention.

You asked a specific question about proxy sales, which is a more difficult issue. It surprises me that the figure was only 38 per cent—I would have expected it to be higher.

Jim Eadie: It is higher for younger people, but it is 38 per cent for 15-year-olds.

Andrew Deans: Minimum pricing will have some effect. It will have an effect on the amount of alcohol that is consumed, but it will not make the problem of proxy sales go away. I do not know what you should do to combat that problem. It is

perhaps a question of working with retailers to make them more aware of the problems.

Kate Higgins: For me, one thing that stood out in the evidence this morning is how normal the purchase of alcohol has become. The witnesses talked about it being part of the grocery package—we just pop it in the trolley alongside the toilet rolls and the loaf of bread. We really have to move away from that approach, which is part of Scotland's problem.

One way in which children and young people are introduced to alcohol is through their parents. There is a relevant study that was conducted in the United States, but the Childwise survey from 2010, which was UK-wide, looked at patterns of drinking and who introduces young people to it. Some of the proxy sales come from parents; they are not just from off-sales licensed premises. That is where the problem lies

Alcohol, which is a seriously addictive drug, has become far too normal in everybody's experience. The minimum price and the package of other measures will help to address that, but we must also ensure that the existing licensing laws stand up to scrutiny and are implemented to protect children and young people. The evidence shows that young people who engage in overuse of alcohol and risky consumption put themselves at serious risk of harm, particularly sexual harm. As a society, we need to do everything that we can to keep them safe.

Bob Doris: We have spoken a lot today about the evidence. I respect my colleague Richard Simpson and the points that he raised, but much of the clear evidence that the committee has had—from the two Scottish universities that gave evidence last week, the Sheffield study and the Canadian analysis—is that minimum pricing will be effective. It will be effective to varying degrees, but it will be effective across all income groups, it will improve the health of moderate drinkers, and it will be most effective for the heaviest drinkers and younger drinkers because of price sensitivity.

There was a discussion earlier on what is opinion and what is evidence. In the earlier session, there was very little evidence—it was more opinion. I have a question on price sensitivity for Kate Higgins, who scratched on some evidence when she talked about the experience of Children 1st. I am reminded that Children 1st does a lot of work on income maximisation with families and single parents in poverty, so it must have a lot of experience in helping to set reduced budgets for individuals and families. That includes going through people's expenditure, which I imagine includes alcohol and entertainment. Kate, when you revise people's budgets, is alcohol one of the first things to drop off the expenditure list? If it is, and we increase the price of alcohol, we will have

evidence to show that the policy follows from the on-going work that Children 1st has done over the years.

Kate Higgins: I cannot answer that off the top of my head, other than to say that families on fixed-income budgets do everything they can to maximise their expenditure on necessities—and, in particular, their children—and forgo expenditure elsewhere.

We did some internal work for the previous Alcohol etc (Scotland) Bill, and I will pull that out to see whether it includes what you are looking for. If it does not, we can do a quick survey with some of the parents with whom we work and ask them directly whether they would forgo alcohol.

Through the parentline Scotland helpline, we provide specialist financial advice that is available to all parents and families. It now works with some of our family support services, and the advice is for people to look at where they can cut back on non-essentials such as alcohol. In general, it has found a favourable response as people can forgo the luxury.

I come back to what Major Logan said about the complex relationship between alcohol and poverty, causes and symptoms, and how alcohol is used as a coping mechanism. It is not as simple as going to families and saying, “Just don’t buy that. You’ll be better off without it.” There are reasons why people use alcohol to cope with their circumstances, and we have to look at them and work with families to address the issues.

13:15

Bob Doris: It would be helpful to the committee to see any dispassionate data that you can provide on what happens when people have to revise their expenditure because of income shock, for example, and whether alcohol features when they select the cuts to make. If it does, that will be a strong pointer. I appreciate that you are saying that you can back up that point anecdotally but that you will have to look to see whether your organisation has substantial data that you could bring to the committee. That would be helpful to our scrutiny.

The Convener: It would also be helpful to look at tobacco use.

Bob Doris: Yes.

The Convener: It might give us an idea of what to expect in relation to changing habits.

Dr Simpson: Good point.

The Convener: That concludes our evidence session. I extend my appreciation to the witnesses for their evidence and their patience in waiting for

us. We appreciate their coming here and giving us the benefit of their knowledge and experience.

European Union Legislative Proposal (Health for Growth Programme)

13:16

The Convener: Item 7 is to deal with a European Union legislative proposal that might raise questions in relation to subsidiarity.

The proposal is for a regulation of the European Parliament and the Council on the establishment of a health for growth programme for 2014 to 2020—the third multi-annual programme of EU action in the field of health.

As detailed in the committee papers, the European Commission has said that it considers that the proposal complies with subsidiarity. The UK Government is concerned about the possibility of “competence creep” but is yet to finalise its position on the proposal. The House of Commons European Scrutiny Committee and the House of Lords EU Select Committee have considered the matter separately and both have sought further information from the UK Government. The committee is invited to decide whether it wishes simply to note the matter and to take no further action or to write to the Scottish Government to ascertain its position.

Does anyone want to move that we should take a cautionary approach and write to the Scottish Government?

Richard Lyle: I move that we write to the Scottish Government to ascertain its position on the matter and to ask to what extent the national health service in Scotland has benefited from the public health programme for 2003 to 2007 and the health programme for 2008 to 2013, to what extent the NHS in Scotland will benefit from the four key objectives and associated actions in the health for growth proposal, what discussions the Scottish Government has had with the UK Department of Health concerning the proposal, and whether the Scottish Government shares the UK Government’s initial concerns about competence creep—I like that phrase.

The Convener: Thanks, Richard.

Bob Doris: That seems reasonable.

The Convener: Are we agreed?

Members *indicated agreement.*

13:18

Meeting continued in private until 13:19.

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